STATE SUPER
SAS Trustee Corporation

ANNUAL REPORT
2014–15

www.statesuper.nsw.gov.au

Mission

STC's mission is to:

Provide high quality superannuation services to members to maximise their superannuation benefits and to support the NSW Government in meeting its funding objective.

Glossary

- **Executive** means the executive staff of the SAS Trustee Corporation.
- **PSS** means Police Superannuation Scheme.
- **SANCS** means State Authorities Non-contributory Scheme.
- **SASS** means State Authorities Superannuation Scheme.
- **SAS Trustee Corporation Pooled Fund** (also referred to as the STC Pooled Fund or Fund) means the Pooled Fund of the STC Schemes referred to in section 81 of the *Superannuation Administration Act 1996*.
- **SSFS** means State Super Financial Services Australia Limited, which is wholly owned by the State Super Schemes as an asset held within the STC Pooled Fund.
- **SSS** means State Superannuation Scheme.
- **STC** means SAS Trustee Corporation.
- **Trustee Board** means the Board of the SAS Trustee Corporation, appointed under section 69 of the *Superannuation Administration Act 1996*.

Highlights for 2014–15

- The STC Pooled Fund increased its assets to just under $42.0 billion as at 30 June 2015 and remains one of the largest superannuation funds in Australia. State Super Financial Services, an investment of the Pooled Fund had over $15.9 billion funds under advice (as at 30 June 2015).
- The Pooled Fund's net investment revenue for 2014–15 exceeded $4.5 billion.
- The Trustee Selection Strategy of the Pooled Fund earned net investment revenue that resulted in an estimated effective average rate of return to Crown employers of nearly 12.5% (after adjustment for exempt current pension income (ECPI) tax). In addition, the Trustee credited a 10.2% return to members in the Growth Strategy (after tax).
- At 30 June 2015, Fund assets covered 74% of accrued liabilities (actuarially measured using the assumed earning rate of the Fund).
- In May 2015, the STC Board resolved to appoint NSW Treasury Corporation (TCorp) as a provider of funds management services to STC as a part of the NSW Government's Amalgamation project which commenced in March 2014. This appointment became effective 15 June 2015 and relates to the assets underpinning the Defined Benefit component of the SASS, SSS, PSS and SANCS Schemes (except those relating to Universities).
- In September 2014, two Universities investment options were put in place to support Universities' funding arrangements which were formalised in a memorandum of understanding between the NSW State and the Commonwealth Governments in December 2014.
- Member publications including SuperViews (scheme based twice yearly newsletters) and the annual Pension Newsletter were produced to inform and educate members of the STC Schemes.
- SSFS conducted 19,920 financial planning appointments with STC members or their relatives.
- STC staff presented 69 retirement planning seminars and 5 '*Understanding your super*' seminars across NSW with a total of 2,237 members in attendance.

Report to the Ministers

October 2015

The Hon. Gladys Berejiklian, MP
NSW Treasurer
GPO Box 5341
SYDNEY NSW 2001

Dear Minister,

We have pleasure in submitting to you for presentation to Parliament the Annual Report of the SAS Trustee Corporation, covering the period from 1 July 2014 to 30 June 2015.

The Annual Report contains the reports for:

- SAS Trustee Corporation
- SAS Trustee Corporation Staff Agency
  (previously called: SAS Trustee Corporation Division of the Government Service of NSW)
- SAS Trustee Corporation Pooled Fund
- controlled entities[1] of the SAS Trustee Corporation Pooled Fund, being:
  - A-Train Unit Trust
  - Alfred Unit Trust
  - Buroba Pty Limited
  - Duquesne Utilities Trust
  - EG Core Plus Fund No.1(Head Trust)
  - EG Core Plus Fund No.1 Holding Trust No.1
  - EG Core Plus Fund No. 1 Holding Trust No.2
  - EG Core Plus Fund No. 1 Holding Trust No.3
  - EG Core Plus Fund No. 1 Holding Trust No.4
  - EG Core Plus Fund No. 1 Holding Trust No.5
  - EG Core Plus Fund No. 1 Holding Trust No.6
  - EG Core Plus Fund No.1 Ownership Trust No.1
  - EG Core Plus Fund No.1 Ownership Trust No.2
  - EG Core Plus Fund No.1 Ownership Trust No.3
  - EG Core Plus Fund No.1 Ownership Trust No.4
  - EG Core Plus Fund No.1 Ownership Trust No.5
  - EG Core Plus Fund No.1 Ownership Trust No.6
  - Gabriel Unit Trust
  - IPG Unit Trust
  - LBC Unit Trust
  - Pisco STC Funds Unit Trust No.1
  - Pisco STC Funds Unit Trust No.2
  - Project Cricket State Super Unit Trust
  - Southern Way Unit Trust
  - State Infrastructure Holdings 1 Pty Ltd
  - State Infrastructure Trust
  - State Super Financial Services Australia Limited
  - SW Unit Trust
  - Valley Commerce Pty Limited

These have been prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, associated regulations and the Treasurer's directions.

We look forward to working with you during the coming year.

Yours sincerely

Nicholas Johnson
Chairperson of the Trustee Board
SAS Trustee Corporation

George Venardos
Board member and Chairperson of the
Risk, Audit and Compliance Committee
SAS Trustee Corporation

[1] The financial statements of controlled entities of the STC Pooled Fund are included in Part H of the Annual Report. Further information on these entities can be provided on request.

Annual Report: 2014–15

Contents

Part A
About the SAS Trustee Corporation

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Chairperson's report

I would like to take this opportunity to say how delighted and honoured I am to have been appointed to the role of Chairperson of the STC Board. I look forward to working with my fellow Board members and the executive team at STC to ensure everything we do results in the best possible outcome for the Fund and most importantly for members.

Funds amalgamation

In March 2014, the NSW Government announced that they would amalgamate the funds management activities of State financial assets within NSW Treasury Corporation (TCorp). The intent of this project was to enable the pooling of investment management expertise within an integrated platform.

In May 2015, the STC Board resolved to accept a proposal to appoint TCorp as a provider of funds management services to STC, effective 15 June 2015. This was the culmination of, what was a huge endeavour in successfully delivering our part of the NSW Government's Amalgamation project. This could not have been delivered without the dedication, diligence and hard work undertaken by the STC Board members and staff.

There were many challenges along the way but perhaps the biggest was overcoming issues relating to governance structure to ensure the Board continued to meet its fiduciary duties.

Since the initiation of the project, the Board attended over 40 Board and Investment Committee meetings and Amalgamation workshops specifically designed to work through the necessary components associated with outsourcing funds management activities to TCorp. The successful implementation of the project has resulted in TCorp managing over $70 billion in assets, with the largest proportion of that being the STC Defined Benefit component of $35 billion (as at 30 June 2015).

The key responsibilities of STC going forward will be the delivery of member services and investment governance processes (including setting investment objectives, strategies, risk management and asset allocation) for all the State Super investment strategies. STC will also continue to manage the four member investment choice strategies (in which SASS Defined Contribution assets are primarily invested) and the two university investment strategies in which Universities' employer reserves are invested, which equates to over $8 billion in assets.

It is important to note that as a result of the Amalgamation project, STC has consolidated its organisational structure focussing on maintaining staff with the skills required to ensure the STC Board has the support needed to execute its fiduciary duties to independently assess what is in the best interest of members.

Board changes

There have been a number of Board changes this year. First and foremost, on behalf of the STC Board, I would like to thank former Chairperson Michael Carapiet for his significant contribution to STC during his term.

The terms of Employer Representatives Michael Lambert and Paul Scully and Employee Representative Sue Walsh ended this year and I thank them for their valuable contributions. Mr Lambert served as a Board member since 2004, Mr Scully since 2004 and Ms Walsh since 2011.

I would like to welcome Roslyn Ramwell and Simone Constant to the STC Board. Roslyn was appointed as an Employer Representative in June 2015 and brings with her a depth of experience in the Superannuation industry. Simone was appointed as an Employer Representative in August 2015 and has significant experience working in Investments and Treasury, including working with Infrastructure Funds Management.

Fund returns

Employer reserves invested in the Trustee Selection Strategy achieved a return of 11.1% (pre-ECPI tax adjustments). Taking into account ECPI tax adjustments, employer reserves were credited with an effective return of 12.5% for the year ending 30 June 2015. The four member investment choice strategies that SASS members have the option of investing in all met their return objectives once again this year. For 2014–15 the annual after-tax returns achieved were 10.2% for Growth, 8.9% for Balanced, 6.9% for Conservative and 2.4% for the Cash Strategy.

Member services

Our Member Services team has continued to deliver quality services to our members. Confirming this was the pleasing overall member satisfaction with the Fund which increased from the previous year and when benchmarked against specific services we outperformed our peers.

The team continues to work hard to ensure our member communications are continually improving and this is evidenced through improved marketing campaigns, reduction in complaints and our process improvements in dispute management. Some of the initiatives for next year include launching new tailored member statements, improving seminar delivery, continuing to improve accessibility of the STC website and member services overall. STC is also in the process of assessing the level of involvement required to ensure that our member services are enhanced by the new Pillar Administration systems replacement.

Finally, I would like to again acknowledge the tremendous work the staff at STC undertakes every day to ensure we continue to achieve our objectives and I look forward to the next phase of STC and being a part of that journey.

Nicholas Johnson
Chairperson
October 2015

Chief Executive Officer's report

This past year has been one of enormous change at STC. We enter the new financial year with the appointment of a new Chairperson – Mr Nicholas Johnson who was officially appointed the Chairperson to the STC Board on 26 June 2015. I wish to extend a warm welcome to Nicholas and together with the STC Executive team we look forward to working with him to achieve STC's objectives.

Funds amalgamation

As mentioned in the Chairperson's report, after a long and comprehensive due diligence process the STC Board resolved to appoint TCorp as a provider of funds management services to STC effective 15 June 2015. This was the culmination of the NSW Government's Amalgamation project which commenced in March 2014. A robust governance structure which included a Steering Committee consisting of representatives from STC, TCorp, Safety Return to Work and Treasury helped to ensure successful completion of the project.

Extensive support was brought in during the project to ensure business as usual functions were not impacted, that member's best interests were taken into account and that a smooth transition of investment management activities was achieved.

The project has meant many structural changes for STC. A large proportion of the investment team that had previously been built within STC are now embedded within TCorp and those who remain are operating in a changed environment.

I would personally like to thank everyone involved in the success of the Amalgamation project, especially the staff at STC.

Looking forward

Going forward, STC will focus on two key pillars within the organisation – member services and investments.

Our mission is to provide high quality superannuation services to members to maximise their superannuation benefits and to support the NSW Government in meeting its funding objective. These two areas will continue to be of the utmost importance in the future state of STC as we continue to strive to deliver positive outcomes for all of our stakeholders while transitioning to a 'head office' style organisation.

Following the Amalgamation project, State Super will focus on three key responsibilities in order to achieve our mission.

1. Manage our key outsourced providers, including TCorp, Pillar and JP Morgan
2. Develop and oversee member and investment strategies
3. Provide appropriate governance support to the STC Board

STC's structure has been reconfigured in order to better meet new organisational requirements which are associated with becoming a more outsourced organisation. Key supplier management including improved oversight of contracts and service level agreements along with relationship management which is required to facilitate the continued provision of improved services to members and other stakeholders of STC.

We have also retained the people in our organisation to ensure that we can continue to meet our fiduciary duties in relation to investments management. This includes oversight of the Defined Benefit reserves outsourced to TCorp and the management of funds for Defined Contributions and University reserves.

I am confident that the capabilities of my staff will allow us to meet new challenges and deliver superior member experience, and targeted investment returns.

Performance

As mentioned in the Chairperson's report, STC has achieved competitive investment returns for the year ending 30 June 2015. Employer reserves invested in the Trustee Selection Strategy achieved an effective return of 12.5% (after adjustments for ECPI tax) for the year ending 30 June 2015.

Our member investment choice strategies which are available to SASS members also performed admirably across the board with returns ranging from 2.4% for the Cash Strategy to over 10% for the Growth Strategy. In comparison with our peer group, STC achieved greater returns with lower risk through implementing STC's investment strategies, processes and risk management practices.

During 2014–15, net assets of the STC Pooled Fund increased by $1.7 billion to approximately $42.0 billion, once again placing STC in the top ten superannuation funds in Australia. Over the last three years, the Fund has generated approximately $15.0 billion in investment revenue (after costs and taxes) helping STC to remain on track to meet the Government's objective of achieving full funding by 2030.

Member research

We conducted our member satisfaction survey for the second year running with some notable improvements on last year. Our members reported they are very satisfied with the services STC provides with an overall satisfaction rating of 7.7 out of 10. Member satisfaction can be seen even more clearly through the results of the 2015 Omnibus Study which compares satisfaction with STC to other superannuation funds. STC scored higher than the average superannuation fund overall as well as in areas such as service, communications and financial planning services offered.

Projects

The long term registry system requirements for SANCS have been completed and development is in progress. These changes will facilitate additional employer contributions being made into members SANCS accounts to address the legislated 0.5% increase to Superannuation Guarantee limits. Implementation of the changes is expected early in the second quarter of 2016. Development of an interim solution for the recovery of backdated contribution liabilities from relevant agencies is in progress.

We are on track to deliver APRA stage two reporting and Data Management compliance by the fourth quarter in 2015. Discussions are in progress with the ATO regarding compliance with the full contribution data standards and request for an alternative arrangement is pending.

From 1 July 2012, Division 293 tax was imposed on concessional contributions of high income earners whose income and relevant concessionally taxed contributions exceed $300,000. Members of defined benefit schemes are able to defer payment of their tax liability until such time as their end benefit becomes payable.

A large amount of work has been undertaken this year to develop the systems and business processes necessary to implement Division 293 tax requirements.

The project is now largely complete and actuarial advice has been received informing STC that deferral of member benefits will trigger an obligation for ATO debt repayment, the implementation of which may require some changes to scheme legislation.

We are also in the process of negotiating an extension to our arrangements for administration services with Pillar to more closely align with our long term needs.

John Livanas
Chief Executive Officer
October 2015

Overview of STC

SAS Trustee Corporation (STC), otherwise known as State Super, operates to invest, support and administer defined benefit superannuation schemes on behalf of the NSW Government and associated employers.

STC was established under the *Superannuation Administration Act* in 1996, and is the Trustee of the following defined benefit schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

Assets

The STC Pooled Fund, which comprises the assets of all four Schemes, had net assets of approximately $42.0 billion at 30 June 2015.

Membership

The STC Schemes had 113,741 members at 30 June 2015. All Schemes are closed to new members and a large portion of the membership has reached or is approaching retirement age.

The following table contains a summary of each scheme.

State Authorities Superannuation Scheme (SASS)	
Commencement	1 April 1988 under the *State Authorities Superannuation Act 1987*.
Scheme eligibility	New employees in the NSW public sector were eligible to join the scheme and members of the Public Authorities Superannuation Scheme (PASS) were transferred to SASS from 1 April 1988. By 1990, a number of other public sector superannuation schemes were closed and members of these schemes were transferred to SASS. These schemes included, amongst others, the State Public Services Superannuation Fund (SPSSF), the Transport Gratuity Scheme and the Government Railways Superannuation Fund.
Closed to new members	19 December 1992
Members as at 30 June 2015	Contributing members: 28,669 Deferred benefit members: 10,358 Pension members: 4,156 Total members: 43,183
Financial position as at 30 June 2015	Net assets: $12,719 million Accrued benefits*: $14,521 million Unfunded liabilities: $1,802 million
Member benefits	Lump sum of employee contributions accumulated with earnings; plus an employer-financed lump sum defined benefit based on final average salary, membership period and level of employee contributions.

State Superannuation Scheme (SSS)	
Commencement	1 July 1919 under the *Superannuation Act 1916*.
Scheme eligibility	Salaried employees of the NSW public service and teaching service, and a number of statutory authorities scheduled in the *Superannuation Act 1916 (NSW)*, were eligible to join SSS.
Closed to new members	1 July 1985
Members as at 30 June 2015	Contributing members: 7,114 Deferred benefit members: 2,047 Pension members: 53,452 Total members: 62,613

*Accrued benefits as measured by the actuary using the assumed earning rate of the Fund as the discount rate. Accounting standards require employers to report accrued benefits using a risk-free discount rate which results in a higher estimate of accrued benefits.

State Superannuation Scheme (SSS) continued	
Financial position as at 30 June 2015	Net assets: $22,686 million Accrued benefits*: $32,618 million Unfunded liabilities: $9,932 million
Member benefits	On retirement a defined benefit (pension or lump sum), the level of which depends on the number of units purchased. Members contribute towards units of fortnightly pension throughout their membership. The number of units that members are entitled to contribute is determined by their salary. Contributions that members make depend on: their age; when the units were granted; the member's gender; and if female, whether they elected 55 or 60 years of age for retirement.

Police Superannuation Scheme (PSS)	
Commencement	1 February 1907 under the *Police Regulation (Superannuation) Act 1906*.
Scheme eligibility	Members of the NSW Police Service employed prior to 1 April 1988.
Closed to new members	1 April 1988
Members as at 30 June 2015	Contributing members: 1,281 Deferred benefit members: 114 Pension members: 6,550 Total members: 7,945
Financial position as at 30 June 2015	Net assets: $4,591 million Accrued benefits*: $7,034 million Unfunded liabilities: $2,443 million
Member benefits	On retirement a defined benefit (pension or lump sum) the level of which depends on the member's final average salary and membership period.

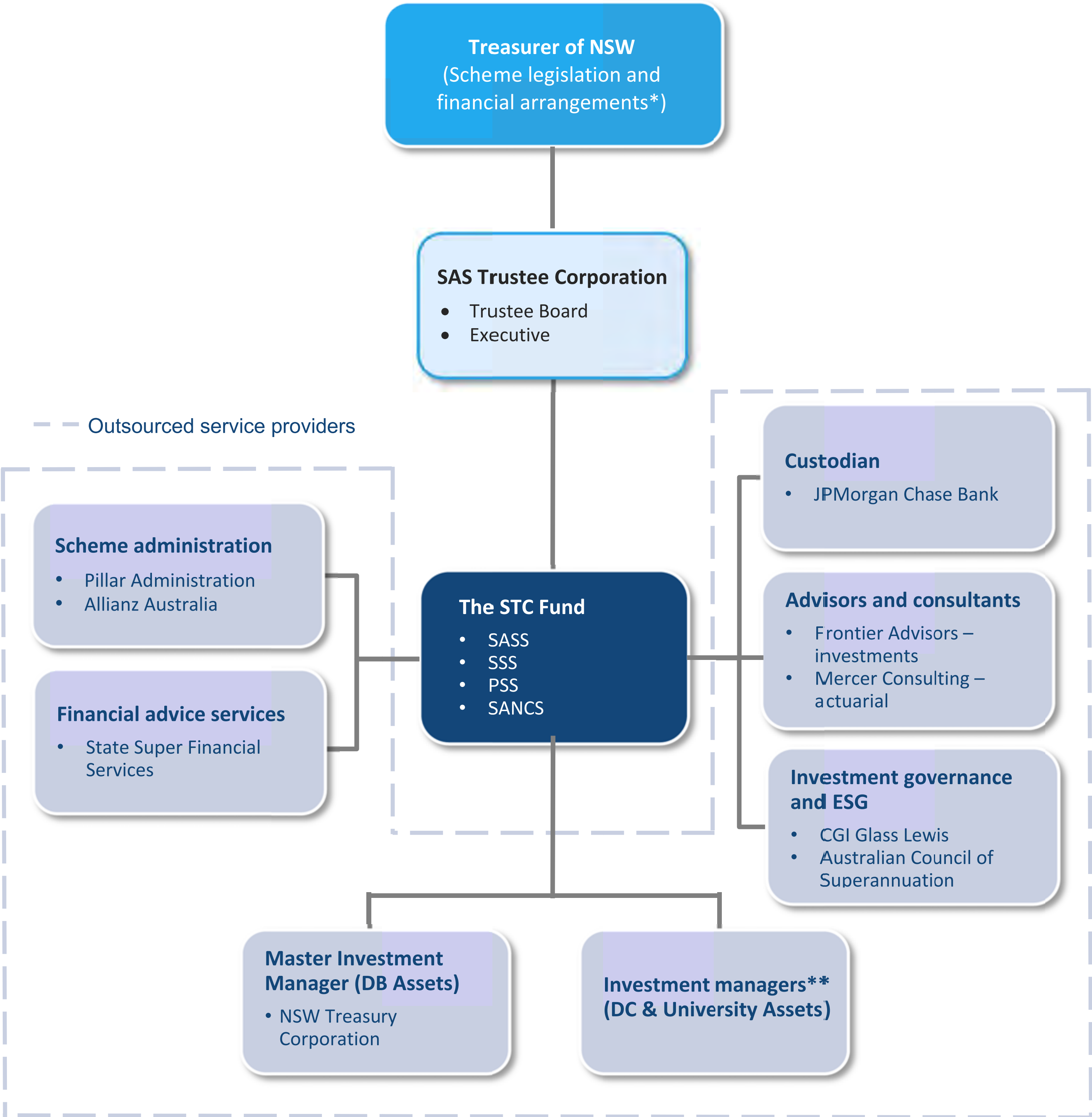
State Authorities Non-contributory Scheme (SANCS)	
Commencement	1 April 1988 under the *State Authorities Non-contributory Superannuation Act 1987*.
Scheme eligibility	Members of SASS, SSS and PSS.
Closed to new members	19 December 1992
Members as at 30 June 2015	Current active members: 37,064 Deferred benefit members: 11,751 Total members: 48,815
Financial position as at 30 June 2015	Net assets: $1,991 million Accrued benefits*: $2,382 million Unfunded liabilities: $391 million
Member benefits	SASS, SSS and PSS members receive the SANCS benefit in addition to their main scheme benefit. The SANCS benefit is 100% employer-funded. The benefit is generally a lump sum of up to 3% of members' final salary or final average salary, for each year of service from 1 April 1988 (or if later, the employment commencement date).

*Accrued benefits as measured by the actuary using the assumed earning rate of the Fund as the discount rate. Accounting standards require employers to report accrued benefits using a risk-free discount rate which results in a higher estimate of accrued benefits.

Organisational structure

STC operates under the *Superannuation Administration Act 1996* (SA Act) which sets out its functions, duties, powers and obligations. The SA Act also specifies the requirements for Trustee Board composition and appointments. The Minister responsible for the administration of the SA Act is the Treasurer of NSW, who also has powers to monitor the operations of STC.

STC's operational arrangements as at 30 June 2015 are set out below:



* During the 2014–15 year, the Treasurer of NSW was installed as the responsible minister for scheme legislation, effective 29 May 2015. Prior to this, the responsible minister for scheme legislation was the Minister for Finance and Services. The Treasurer of NSW was previously only responsible for financial arrangements.

**Refer to pages 44 and 45 for a full list of investment managers at 30 June 2015.

Function and role of the Trustee Board

The principal functions of the Trustee Board as set out in section 50(1) of the SA Act are to:

- administer the STC Schemes
- invest and manage the Pooled Fund
- provide for the custody of the assets and securities of the STC Schemes
- ensure that benefits payable to the persons entitled to receive benefits under the STC Schemes are paid in accordance with the Acts under which the Schemes are established or constituted
- determine disputes under those Acts
- exercise such other functions with respect to the STC Schemes and the Pooled Fund as the Minister may from time to time approve by order in writing.

STC is required to outsource its principal functions of administration, investment and custody under sections 64(1), 59(1) and 61(1) of the SA Act, respectively.

The role of the Trustee Board extends to strategy, corporate governance, risk management, policy making and monitoring. Accordingly, the Trustee Board is responsible for:

- monitoring the STC Schemes and the Pooled Fund, including its control and accountability systems
- appointing and removing the Chief Executive
- input into, and final approval of the long-term strategy for the STC Schemes and annual Corporate Plan
- approving and monitoring the annual budget and any extraordinary expenditure
- approving and monitoring STC's systems and policies of risk management, compliance and control
- approving and monitoring policies and procedures for the management of the Fund, including:
  - business plans, policies and processes for the proper direction, control and performance measurement of the Fund
  - standards to assess the performance of the Fund's operations
- setting the objectives, strategies and risk approval of the investments, approving major investment decisions and monitoring and assessing investment performance
- approving and monitoring STC's governance procedures, including work, health and safety, and the Code of Conduct and Ethics for the Trustee Board and the staff of STC
- monitoring the performance of the Pooled Fund, the Trustee Board, STC management and service providers.

Trustee Board member profiles

Nicholas Johnson – Chairperson
Appointed June 2015

Mr Johnson has extensive experience in financial services business management, in roles both overseas and in Australia. His financial sector experience includes roles as Head of Operations and of IT systems development in major investment banks. He retired from Barclays Capital in 2012 after serving as Chief Executive Officer for Australia between 1998 - 2009 and then as Managing Director, Senior Relationship Management.

Previously he held senior positions with Commonwealth Bank, Morgan Stanley Asia, Credit Suisse First Boston and Orion Bank.

He is Chairman of the Sydney Institute and Chairman of the National Art School. Previously he has been Chairman of Pillar Administration (a provider of administrative services to the superannuation industry) and an Advisory Board Member of the North West Rail Link project.

Mr Johnson holds a Master of Arts from Oxford University and is a member of the Australian Institute of Company Directors.

Karen Moses – Employer Representative
Company Director
Appointed March 2012

Ms Moses is currently Executive Director, Finance and Strategy at Origin Energy Limited. She was appointed a Director of Origin Energy Limited in 2009, Australia Pacific LNG Pty Limited in 2005, Contact Energy Limited in New Zealand in 2004 and Sydney Dance Company in 2012.

Ms Moses has over 30 years' experience in the energy industry spanning oil, gas, electricity and coal commodities, and upstream production, supply and downstream marketing operations within Australia and overseas. She is a former Director of Australian Energy Market Operator Limited (2008 to 2012), Energy and Water Ombudsman (Victoria) Limited (2005 to 2010) and VENCorp (2004 to 2009) and Energia Andina S.A. incorporated in Chile (2013 to 2014).

Ms Moses holds a Bachelor of Economics and a Diploma of Education from the University of Sydney.

George Venardos – Employer Representative
Company Director
Appointed November 2012

Mr Venardos is an experienced Non-Executive Director with more than 30 years' experience in finance, accounting, insurance and funds management.

He is currently a Director of the following listed companies, Bluglass, IOOF Group and Ardent Leisure Group. Mr Venardos is also a Director of State Super Financial Services Australia Limited.

His former positions include Group Chief Financial Officer of Insurance Australia Group, and for 10 years Chairman of the Finance and Accounting Committee of the Insurance Council of Australia. He also held the position of Finance Director of Legal and General Group in Australia.

Mr Venardos has a Bachelor of Commerce from the University of New South Wales and is a Chartered Accountant.

Roslyn Ramwell – Employer Representative
Company Director
Appointed June 2015

Ms Ramwell was the CEO of the Harwood Superannuation Fund, a large corporate fund, for 12 years. She has more than 20 years' experience in superannuation in both the Government and private sectors, having also worked for QSuper and the Insurance and Superannuation Commission (now APRA).

She is currently an Independent Director of TAL Superannuation Limited and chairs the Audit Compliance and Risk Management Committee. She is a Life Member of the Association of Superannuation Funds of Australia Limited, having served as a director for 12 years and chaired the Finance & Risk Committee for 6 years.

Ms Ramwell has a Bachelor of Business (Accounting), is a CPA, Chartered Secretary, an ASFA Accredited Investment Fiduciary and Trustee Fellow. She has a Diploma of Superannuation, a Graduate Diploma in Applied Corporate Governance, and is a GAICD.

Simone Constant – Employer Representative
NSW Treasury
Appointed August 2015

Ms Constant joined NSW Treasury in 2011 as Deputy Secretary of Commercial, Asset Management and Transactions. During her time with NSW Treasury, Ms Constant has been a part of all the leading transactions, through Chair or steering committee oversight roles, including the NSW Ports Transactions, electricity generation transactions and the NDIS Transfer. She has also led the commercial asset management function and the financial asset management reforms for NSW government.

In 2015 she became Treasury's first Chief of Staff and Chief of Financial Risk, working alongside Secretary Rob Whitfield on a number of functions that will support the Agency's strategic direction and evolution to a financial risk informed framework.

Over the course of her career, Ms Constant has established herself as a leader in finance and investment, asset management, legal and governance and risk strategy and planning. Prior to her role at NSW Treasury, she was the Deputy Secretary of Finance within the Department of Finance and Services and served as Head of Risk, Strategy and Planning for Institutional and Business Banking at the Commonwealth Bank.

Ms Constant has also driven strategy and execution around investment, law and risk for a range of organisations including, Access Capital Advisers (2008 to 2010), ABN AMRO and Babcock and Brown (2005 to 2008), Freehills (2002 to 2005) and Freshfields Bruckhaus Deringer (2000 to 2002).

Ms Constant holds a Bachelor of Economics and a Bachelor of Law (Hons).

Alex Claassens – Employee Representative
NSW Rail, Tram and Bus Union
Appointed November 2012

Mr Claassens is currently the NSW State Secretary of the NSW Rail, Tram and Bus Union. He has a passion for the transport industry, having started his career driving trains on the NSW rail network. Mr Claassens has long been an advocate for the rights of transport workers, joining the union as a delegate in 1992 and working through various positions until being elected to the highest position in the NSW branch in 2010. He is also an Executive Member of the National Rail, Tram and Bus Union and a Director of Encompass Credit Union and State Super Financial Services Australia Limited.

Mr Claassens still drives passenger trains in NSW, as well as driving heritage steam locomotives on a regular basis.

Tony O'Grady – Employee Representative
NSW Nurses and Midwives' Association
Appointed June 2013

Mr O'Grady is the Manager, Projects and Compliance for the New South Wales Nurses and Midwives' Association. He began his registered nurse training in 1982 and worked as a nurse until joining the NSW Nurses and Midwives' Association in November 1987. He worked as an organiser, industrial officer, team manager and projects manager for the Association, before commencing his current role in 2006.

As the Manager, Projects and Compliance, Mr O'Grady is responsible for the Association's finance, information technology and records departments, as well as managing insurance and a variety of compliance-related areas.

He served as a Director for Private Hospitals Superannuation Pty Limited – the Trustee for the Health Industry Plan (HIP) – between 2005 and 2010. He is a current Director of State Super Financial Services Australia Limited having been appointed to the Board in May 2015.

Mr O'Grady holds a Graduate Diploma in Employment Relations from the University of Technology, Sydney and a Certificate in Nursing, which he completed at Royal North Shore Hospital.

Former Trustee Board member profiles

Paul Scully – Employer Representative
Company Director
Appointed February 2004, term ended 9 August 2015

Mr Scully is the Managing Director of Decision Horizons, a consulting enterprise through which he offers his services based on 35 years' experience in financial services and investment management.

Mr Scully is an actuary by training, holds a Bachelor of Arts in Actuarial Studies and is a Fellow of the Institute of Actuaries of Australia and the Australian Institute of Company Directors. He was, until July 2003, Chief Executive Officer for the Asia-Pacific region of ING Investment Management and a member of its global board. He has also held executive positions in life insurance and retail funds management. He now maintains a portfolio of non-executive directorships (including State Super Financial Services Australia Limited), and consulting assignments. He has lectured at Macquarie University and is a member of the Actuaries Institute Retirement Incomes Working Group.

Michael Lambert – Employer Representative
Employer Representative
Company Director
Appointed February 2004, term ended 9 February 2015, reappointed 26 February 2015, term ended 16 June 2015

Mr Lambert was an Employer Representative and held his position for 11 years. He is a consultant to the Asia-Pacific investment bank CIMB. Previously, Mr Lambert was a Managing Director in the investment banking industry and prior to that, the Secretary of the New South Wales Treasury, as well as holding various other senior positions in the NSW public sector. He has extensive experience and expertise in financial analysis, and in advising governments and clients on financial and strategic issues. He is also a Non-Executive Director of the Sax Institute and State Super Financial Services Australia Limited and Chair of the External Advisory Committee of the Department of Government and International Relations, University of Sydney.

Mr Lambert has a Bachelor of Economics (Honours) and a Master of Economics from the University of Sydney.

Michael Carapiet – Chairperson
Appointed August 2011, resigned 31 March 2015

Mr Carapiet was the Chairperson of STC for four years. He is Chairperson of the Safety, Return to Work and Support Board that comprises the WorkCover Authority of NSW, Lifetime Care and Support and Motor Accidents Authority. He is also the Chairperson of Smartgroup Corporation Limited & Adexum Capital Limited, a Director of Southern Cross Media Limited and Clean Energy Finance Corporation and is on the Advisory Boards of Norton Rose Australia and Transfield Holdings. Mr Carapiet has recently been appointed as a Board Member of Infrastructure Australia.

Mr Carapiet has more than 30 years' experience in the financial sector and has held a number of senior roles with the Macquarie Group, where he was a member of Macquarie's Executive Committee from 2005. Prior to his retirement in July 2011, his roles included Global Head of Advisory and Specialised Funds, and Executive Chairman of Macquarie Capital and Macquarie Securities.

Mr Carapiet has a Master of Business Administration from Macquarie University.

Sue Walsh – Employee Representative
President of the Public Service Association of NSW
Appointed March 2011, term ended 24 March 2015

Ms Walsh was an Employee Representative and held her position for four years. She is the President of the Public Service Association (PSA) of NSW and over the years has held a number of senior delegate positions in the PSA. She is also President of the NSW Branch of the Community and Public Sector Union and Vice President of that organisation's Federal Executive, Federal Council and is a member of the Federal Education Industry Committee.

Ms Walsh is employed as an Administrative Manager with the Department of Education and Communities (formerly the Department of Education and Training). Ms Walsh is on the Executive of Unions NSW and is a delegate to the Australian Council of Trade Unions.

Ms Walsh is a Director of State Super Financial Services Australia Limited and a member of its Audit and Compliance Committee and its Due Diligence Committee.

Trustee Board membership and meeting attendance

The Trustee Board consists of a Chairperson, four employer representatives and four employee representatives (nominated by Unions NSW). All Trustee Board members are appointed by the Minister on a part-time basis except for one employee representative who is full time*.

Trustee Board membership and the current term of appointment for each member during the 2014–15 reporting period are listed in the table below.

	Appointed	Term end date	Meetings attended during 2014–15 (actual / possible)
Mr N Johnson (Chairperson)**	26 Jun 2015	26 June 2019	0 / 0
Mr M Carapiet (Chairperson)***	1 Aug 2011	31 March 2015	9 / 9
Employer representatives			
Ms K Moses	19 Mar 2012	18 Mar 2016	12 / 13
Ms R Ramwell**	26 Jun 2015	26 June 2019	0 / 0
Mr P Scully	1 Feb 2004	9 Aug 2015	12 / 13
Mr G Venardos	5 Nov 2012	4 Nov 2016	13 / 13
Mr M Lambert***	1 Feb 2004	16 Jun 2015***	13 / 13
Employee representatives			
Mr A Claassens	5 Nov 2012	5 Nov 2016	13 / 13
Mr T O'Grady	24 Jun 2013	24 Jun 2017	12 / 13
Ms S Walsh***	25 Mar 2011	24 Mar 2015	9 / 9

*The full-time Employee Representative and one part-time Employee Representative positions were vacant at 30 June 2015.

**During the year:

- Mr Johnson was appointed Chairperson
- Ms Ramwell was appointed Employer Representative

***During the year:

- Mr Carapiet resigned from his position of Chairperson
- Mr Lambert's term as an Employer Representative ended
- Ms Walsh's term as an Employee Representative ended

Trustee Board and other Committees

Investment Committee

Members during the reporting period:

Ms Moses, Messrs Carapiet (Chairperson), Lambert, Scully, Venardos, Claassens and O'Grady. Members of the executive and other invited visitors attend committee meetings.

Purpose:
The purpose of the Investment Committee includes to:

- support the Trustee Board in determining and effecting the investment strategy
- monitor the appointment or termination of investment managers for the investments of the Pooled Fund
- receive other information as may be required in order to improve the investment management decisions of STC
- ensure that asset and liability matching is taken into account in investment management decisions.

Meetings attended during 2014–15

Member	Attendance actual / possible
Mr M Carapiet *(Chairperson)**	10 / 10
Mr M Lambert	12 / 13
Mr P Scully *(Chairperson)**	11 / 13
Mr G Venardos**	5 / 5
Mr A Claassens**	0 / 1
Ms K Moses***	0 / 1
Mr T O'Grady***	0 / 1

** Mr Carapiet resigned from the Board on 31 March 2015. Mr Scully was appointed as Chairperson of the Committee following Mr Carapiet's resignation.*

***Mr Venardos was appointed to the Committee from February 2015.*

****Ms Moses and Messers O'Grady and Claassens were appointed to the Committee from June 2015.*

Risk, Audit and Compliance Committee

Members during the reporting period:

Ms Moses and Messrs Venardos (Chairperson), Lambert, O'Grady and Scully. Members of the executive, the Audit Office of New South Wales, the internal auditor (as appropriate), Pillar Administration, and other invited visitors also attend committee meetings.

Purpose:
The purpose of the Risk, Audit and Compliance Committee includes providing independent assurance and advice to the Trustee Board on STC's:

- risk, control and compliance framework and approach
- financial reporting and accountability.

Meetings attended during 2014–15

Member	Attendance actual / possible
Mr G Venardos *(Chairperson)*	6 / 6
Mr M Lambert*	4 /5
Mr P Scully	5 / 6
Ms K Moses**	2 / 2
Mr T O'Grady**	2 / 2

**Mr Lambert's term ended part way through the reporting period*

***Ms Moses and Mr O'Grady were appointed part way through the reporting period.*

Member Services Committee

Members during the reporting period:

Messrs Claassens (Chairperson), Lambert, Scully, O'Grady, Venardos, Ms Moses and Ms Walsh. Members of the executive, Pillar Administration and other invited visitors also attend committee meetings.

Purpose:
The purpose of the Member Services Committee includes to:

- make recommendations to the Board on matters relating to the administration of the STC Schemes and policies affecting stakeholders
- exercise the discretions of the Board in relation to disputes involving the STC Schemes and advise and assist the Board on other particular matters or functions of the Trustee in relation to disputes.

Meetings attended during 2014–15

Member	Attendance actual / possible
Mr A Claassens *(Chairperson)*	6 / 6
Mr M Lambert*	4 / 4
Mr P Scully	5 / 6
Ms S Walsh*	3 / 3
Mr T O'Grady	6 / 6
Ms K Moses**	0 / 1
Mr G Venardos**	0 / 1

**Ms Walsh's and Mr Lambert's terms ended part way through the reporting period*

***Ms Moses and Mr Venardos were appointed part way through the reporting period.*

Human Resources and Nominations Committee

Members during the reporting period:

Mr Carapiet (Chairperson of the Board), Ms Walsh (Chairperson), Mr Claassens (Chairperson) Ms Moses, and Mr Venardos . Members of the executive and invited visitors also attend committee meetings.

Purpose:
The purpose of the Human Resources and Nominations Committee includes to:

- review, monitor and report to the Trustee Board on the management of the human resource governance frameworks and on human resource obligations under relevant policies including the Code of Conduct and Ethics and Protected Disclosures Reporting Policy.

Meetings attended during 2014–15

Member	Attendance actual / possible
Mr M Carapiet *(Chairperson)**	4 / 4
Ms K Moses	3 / 4
Ms S Walsh *(Chairperson)**	3 / 4
Mr A Claassens**	3 / 4
Mr G Venardos**	1 / 1

**Mr Carapiet resigned and Ms Walsh's term ended part way through the reporting period.*

***Messers Claassens and Venardos were appointed part way through the reporting period.*

Ms Walsh was the Chairperson of the Committee part way through the reporting period and Mr Claassens was appointed as Chairperson after Ms Walsh's term ended.

Note: Due to existing Board vacancies, the resignation of the Board Chairman and that the term of two Board members ended during the reporting period (up to 30 June 2015), the Board appointed all of its members to eligible Committees in order that a quorum could be reached at the Committee level. Subsequent to the appointment by the Minister of additional Board members, the Committee memberships were reconsidered and reduced accordingly.

Statutory Committee —
Police Superannuation Advisory Committee

The committee is a statutory committee established under Part 2H of the *Police Regulation (Superannuation) Act 1906* to exercise certain powers delegated by the Trustee Board.

Members during the reporting period:

This committee consists of a Chairperson appointed by the Minister, three nominees of the Police Association of New South Wales, a nominee of the Commissioned Officers' Branch of the Police Association of New South Wales, a nominee of WorkCover NSW, a nominee of the Minister for Police and a nominee of STC. The STC nominee is a member of the STC Executive.

Purpose:
The purpose of the Police Superannuation Advisory Committee is to determine entitlement to medical discharge for members of the NSW Police Force, and entitlement to 'hurt on duty' pension increases and other benefits under the Police Superannuation Scheme and advise STC on matters relating to administration of the *Police Regulation (Superannuation) Act 1906* that are referred to it by the Trustee Board.

Meetings attended during 2014–15

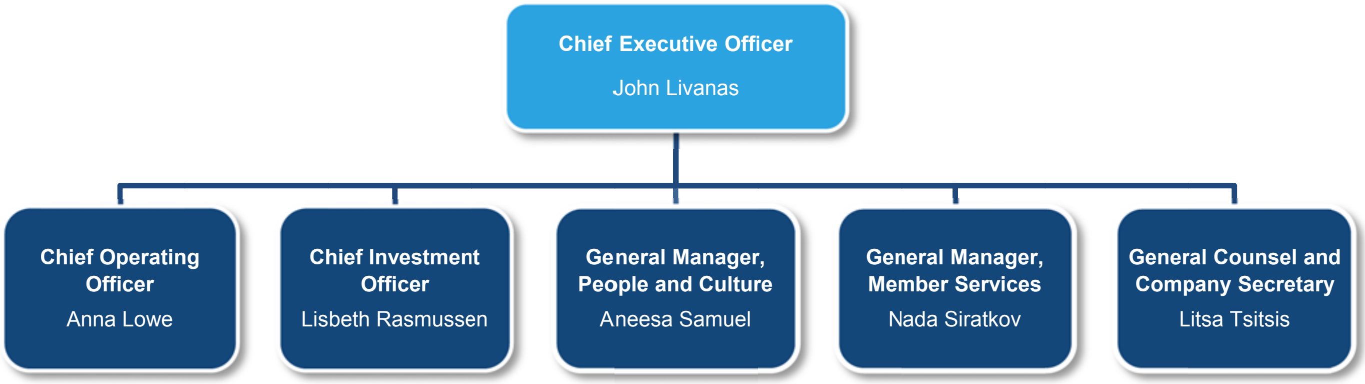
Member	Attendance actual / possible
Mr M Lambert (*Chairperson*)*	11 / 11

**Mr Lambert's term ended part way through the reporting period. Subsequent to the end of the reporting period, Ms Ramwell was appointed as Chairperson of PSAC with her term commencing 21 August 2015 and Mr Claassens was appointed Deputy Chairperson of PSAC with his term commencing 1 September 2015.*

STC Executive team

The STC Executive team consists of the Chief Executive Officer and five senior executives. This team is responsible for implementing STC's corporate strategies and the management of the organisation's day-to-day operational activities. Senior managers within the organisation support the organisation to achieve its objective.

The STC Executive as at 30 June 2015 was as follows:



Executive team profiles

John Livanas

Chief Executive Officer

Mr Livanas leads a team of experienced senior executives managing the provisions of member services and the investment of approximately $42 billion worth of assets in State Super.

Mr Livanas has over 25 years' industry experience and has worked in organisations including Deloitte; the South African Government Employees Pension Fund – the precursor to the country's sovereign fund, and several Australian superannuation funds.

Prior to his appointment in October 2011, Mr Livanas was the Chief Executive Officer of AMIST Super (2008 to 2011) and the General Manager of FuturePlus Financial Services (2002 to 2008). He was also a Director of ISPT and ISPT Grosvenor International Property Trust from 2010 to 2012. In August 2013, he was appointed to the Board of the Australian Council of Superannuation Investors.

Mr Livanas holds a Bachelor of Science in Engineering, an MBA from the University of Witwatersrand and a Graduate Diploma of Finance and Investments from the Financial Services Institute of Australia. He is an ASFA Accredited Investment Fiduciary and a GAICD.

Anna Lowe

Chief Operating Officer

Ms Lowe is responsible for directing and managing operational activities of the organisation and ensuring the implementation of the overall organisational strategy.

Ms Lowe has over 20 years' experience in the financial services industry, having held senior roles around the world in companies including American Express, CGU, Vero, Suncorp Metway, AMP, Legal & General Life and Commonwealth Department of Finance & Deregulation. More recently, Ms Lowe was Chief Operating Officer with the Moorebank Intermodal Company Limited.

Ms Lowe holds a Bachelor of Commerce and a MBA as well as having attended the Advanced Management Program at Harvard Business School.

Lisbeth Rasmussen

Chief Investment Officer

Ms Rasmussen is responsible for the design and development of STC's investment strategy. It involves setting the strategic and dynamic asset allocations for sub-portfolios that make up the pooled fund. She is also responsible for short-term tilting, portfolio construction and manager evaluations across some of the sub-portfolios. Finally, she is accountable for the oversight of external service providers and for delivering outcomes in line with the overall risk and liability profile of the sub-portfolios.

Working in Denmark and the UK prior to moving to Australia, Ms Rasmussen has been working in superannuation and asset management for over 30 years. She has been part of in-house funds management teams, pioneered investment processes, been through mergers, created new funds, created new strategies and overseen the move away from strategy/multi-asset mandates to sector specialist mandates and back again. Asset allocation has been a key responsibility throughout her professional career.

Ms Rasmussen holds the equivalent of a Master of Science in Economics from the University of Copenhagen and a Master of Science from the University of Bath. She is also a member of the Australian Institute of Company Directors.

Aneesa Samuel

General Manager, People and Culture

Ms Samuel is responsible for the development of HR strategies and the delivery of HR services and programs across the organisation. Her areas of responsibility include recruitment and staffing, learning and development, employee relations, performance management, remuneration and reward practices.

Prior to joining State Super, Ms Samuel held executive positions in the superannuation and insurance industry and has a comprehensive understanding of the Australian superannuation environment, operating practices and products.

Ms Samuel holds a degree in education and is a qualified financial planner.

Nada Siratkov

General Manager, Member Services

Ms Siratkov is responsible for the development and implementation of member services strategies. This includes setting the direction of and ensuring that there is an end to end approach to managing the member experience. She is also responsible for member administration, member product development and policy, marketing and communications, disputes and all member associated services.

Prior to joining State Super, Ms Siratkov held executive positions in the financial services industry and has an extensive understanding of the superannuation, insurance and banking environments.

Ms Siratkov holds a Bachelor of Arts and a Master of Business in Marketing and is a member of the Australian Institute of Company Directors.

Litsa Tsitsis

General Counsel and Company Secretary and Acting General Manager of Risk and Compliance

Ms Tsitsis is responsible for providing the Trustee Board and STC with general legal counsel and overseeing the management of the STC legal, regulatory and governance framework. This role also includes secretariat matters for the Trustee Board. In addition to her duties as General Counsel and Company Secretary, Ms Tsitsis has recently been acting as the Chief Risk Officer and Audit Executive. This role is responsible for developing and implementing the organisation's risk, compliance and internal audit strategy and to provide direct reporting to the Trustee Board.

Ms Tsitsis is also a deputy member of the Police Superannuation Advisory Committee which determine entitlement to medical discharge for members of the NSW Police Force, and entitlement to 'hurt on duty' pension increases and other benefits under the Police Superannuation Scheme.

Ms Tsitsis was previously a partner at HWL Ebsworth, specialising in superannuation. She has more than 13 years' experience in superannuation and financial services law having worked with prominent legal firms across a broad client base. She is a part-time member of the Superannuation Complaints Tribunal and co-author of "A Guide to MySuper, SuperChoice and SuperStream".

Ms Tsitsis holds a Bachelor of Laws, a Bachelor of Legal Studies and is a graduate of the Australian Institute of Company Directors.

Part B
Corporate performance

STC's performance compared to its objectives in the Corporate Plan

2014–15 represented a significant transition year for STC as it saw a number of key strategies implemented with significant flow-on implications for the organisation.

STC's 2014–15 Corporate Plan identified eight key objectives for the financial year

1. Develop and implement the transfer of funds management activities for Defined Benefit, Defined Contribution and Universities' assets to third party providers
2. Improve administrator service delivery
3. Improve member services*
4. Review STC's governance model to enhance and develop robust frameworks
5. Redefine STC's operating model post-fund amalgamation
6. Develop and implement an effective stakeholder engagement strategy*
7. Implement HR strategies to support staff development and retention*
8. Develop a change program to manage strategic projects, including communicating and gaining support of staff

** This objective was refined during 2014–15 and therefore differs slightly to that contained in the STC 2014–15 Corporate Plan.*

1. Develop and implement the transfer of funds management activities for Defined Benefit, Defined Contribution and Universities' assets to third party provider

The NSW Government's Amalgamation project

In March 2014, the NSW Government announced its intent to amalgamate the funds management activities of the State's financial assets within NSW Treasury Corporation (TCorp). This relates to the Defined Benefit (DB) assets within the STC Pooled Fund.

In response to this, over the past year, STC has been assessing the benefit and suitability of outsourcing certain funds management activities to TCorp.

The Amalgamation Project involved the review, due diligence and appointment of TCorp as the Master Investment Manager for the DB assets effective from 15 June 2015.

TCorp now provide funds management services in relation to the Trustee Selection Strategy, (the investment strategy for assets supporting Defined Benefit liabilities). The services being provided by TCorp include undertaking functions such as recommending investment managers, conducting due diligence, funds administration and operations and reporting activities.

As part of the Amalgamation project alternate investment management arrangements were considered for the Defined Contribution (DC) and University assets. It was ultimately determined to retain management of these assets within STC.

The University assets were segregated from the Defined Benefit and Defined Contribution assets and an investment management arrangement put in place for those assets also.

The NSW Government's Amalgamation project necessitated the acceleration of the Crediting Rate Project in order to ensure the successful transfer of funds management activities.

The Crediting Rate project

The acceleration of a significant stage of the STC Crediting Rate project was necessitated by the Amalgamation project. This involved Pillar reconfiguring their administration systems. This facilitated the introduction of the two University Strategies and the notional reallocation of Defined Benefit and Defined Contribution assets to the relevant supporting investment strategies. These system changes also allow for different employer reserves to be invested in different investment strategies which better suit their funding levels. Up until recently, all employers, irrespective of funding levels, or cash flow projections, and all members in the default option, were treated as one generic group from an investment perspective when in fact their risk profiles and return objectives are very different. This had been identified as a key risk in the organisation, and its mitigation formed part of the basis for the Crediting Rate project.

2. Improve administrator service delivery

Over the past year STC has been building the skills and capabilities required for the effective management of outsourced providers including the development and improvement of SLA's, complaints/disputes handling and member administration.

This has been enhanced by ensuring that a program of work was initiated with the administrations services provider for the development of business rules and scheme documentation to help reduce administration risk. This is a large piece of work that involves input from both organisations and has been scheduled for completion over a 1-2 year period. This will be overlaid with the review of policy and process improvement opportunities wherever identified and possible.

Further enhancements and rigorous management of the administration contract is starting to show improved data quality transparency in breach management and remediation of legacy issues dating back decades.

3. Improve member services

STC has undertaken several member research studies with the objective of identifying and improving member services and communication as well as identifying opportunities to enhance member education. This resulted in STC running the SASS campaign to inform members of how to maximise their benefit.

STC's most recent member satisfaction research sampled 1,000 members, and achieved a score of 7.7 out of 10 in relation to the members' overall satisfaction with services – this is an improvement on the previous year.

This research also identified the following three core initiatives that would contribute to improving member satisfaction.

1. Website improvements (specifically around navigation and user experience).

   There has been progressive upgrading of the STC website to provide improved member access to information such as web based campaigns, restructuring navigation and forms and fact sheets to focus on member needs, and introduction of tracking functionality to gain a better understanding of user behaviour and needs.

2. Build on contact centre improvements – continuation of improvements in the Pillar contact centre to respond to members in a timelier manner.

3. Exit process improvement and increased insight into the process.

A marketing and communications program has been developed to address the research findings.

This year members will receive a completely reengineered member statement. This is the most anticipated communication that our members receive and of most interest to many members. The current statements have not had any significant changes made for many years, and this year's new statements highlight critical information for members within specific categories. Key member information has been identified to allow tailoring of messages within statements that are relevant not only to the member's stage of life but also their individual membership. Given the significant change, we are including a section on how to read your statement in the newsletter that accompanies the statement mailing.

Enhancing membership analysis capabilities has delivered a better targeted member communications program and is helping STC deliver a more member specific engagement strategy.

STC has worked more closely with Pillar's Employer Relations Team to ensure employers are adequately supported, including improved SLA requirements.

4. Review STC's governance model to enhance and develop robust frameworks

During 2014–15 a need to assess the STC governance model was identified. The findings of that review included recommendations to create a separate division responsible for Risk (and Compliance), centralise the Company Secretary function and enhance the relationship between management, the Board, Board members and other stakeholders. These recommendations have now been put in place.

The Executive also reflected on the framework of rules, systems and processes within and by which authority is exercised and controlled at STC. The Executive is in the process of implementing refinements to the existing framework.

A Board governance review was also conducted which looked at the way in which the Board and its Committees discharge their functions. The review identified a number of recommendations for improvement some of which have already been implemented including reducing the number of committees by two, advancing the manner in which information is presented to the Board and Committee, and enhancing the planning for the Board and Committees. In addition STC has made improvements to the Board Member induction process and continues to work with Treasury to create further enhancements to the on boarding of members.

During the reporting year, STC had a strong focus on enhancing the risk management framework with an emphasis on identifying, assessing, managing, mitigating and monitoring material risks. A number of risk workshops were held with the Executive team and enhanced risk reporting was introduced. In 2015–16 STC will fully implement a 'three lines of defence' model of risk management and control. STC also reviewed its compliance framework and is now implementing enhancements identified as part of that review.

Overall STC has concentrated on enhancing all aspects of its governance framework; it has completed a number of policy reviews, commenced centralising and documenting additional process, and provided further clarity in employee roles and responsibilities. The Governance framework of STC will continue to be a focus for the 2015–16 year as:

- the proposed amendments to STC's governing legislation, being the Superannuation Administration Act; and
- Government's intention to introduce a governance framework that will apply to NSW agencies, including STC will affect STC's governance model.

STC continues to monitor the APRA prudential standards as part of a larger regulatory obligations framework, as is required by the Heads of Government Agreement. Additionally STC continues to monitor Treasury Guidelines, Circulars and Policies.

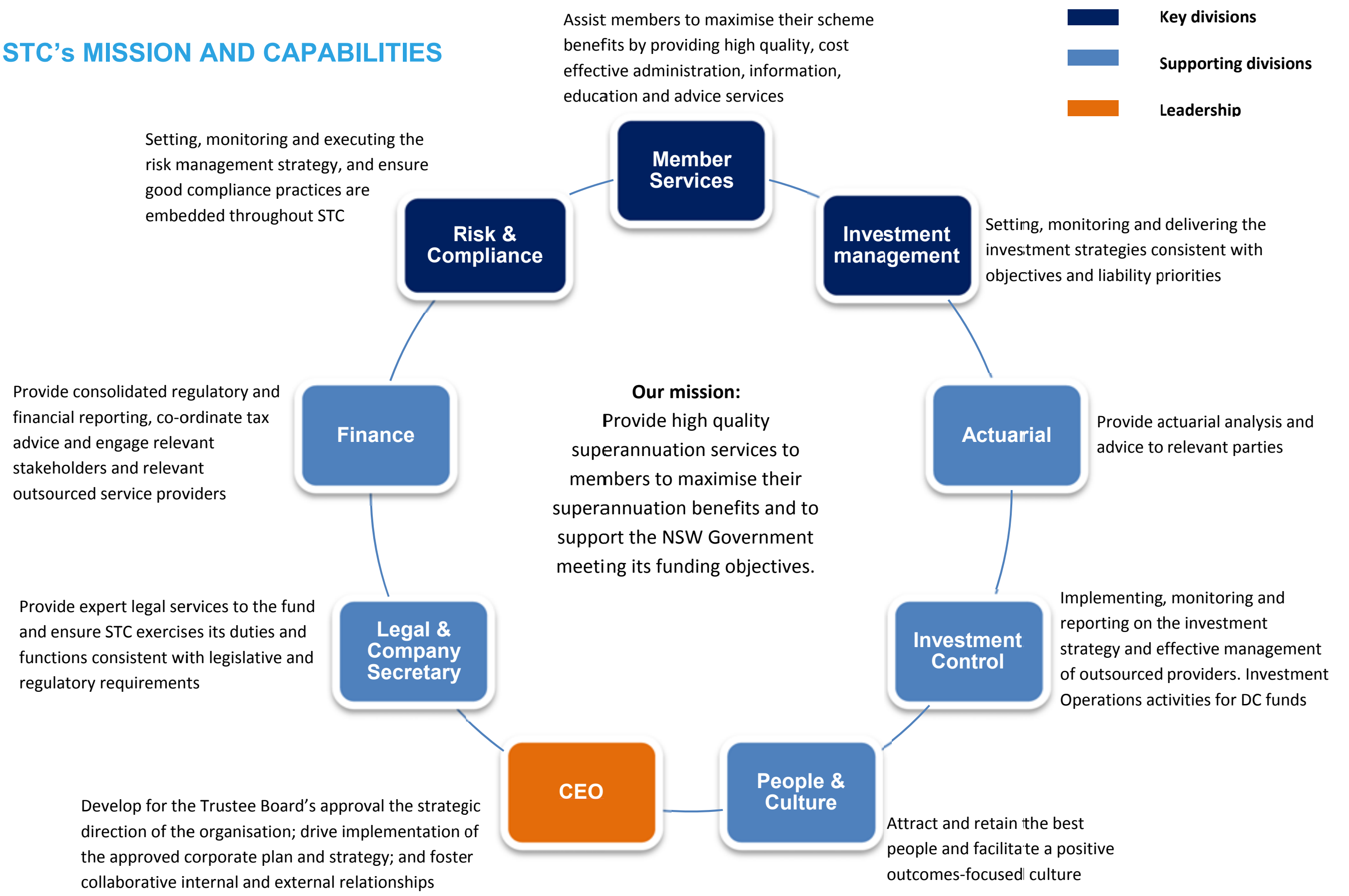
5. Redefine STC's operating model post-funds amalgamation

STC's operating model post amalgamation

Significant progress has been made in redefining STC's operating model. A target operating model has been finalised and approved that details the organisational structure, operating environment and resources required in the post-amalgamation environment. As part of the transfer, a review of the organisation's governance and risk models has progressed and a number of risk management enhancements have been implemented.

The diagram below sets out STC's mission and capabilities from 2015–16 onwards and the core purpose of each division going forward.

STC's MISSION AND CAPABILITIES



An important part of this process included identifying and retaining the resources and staff required to continue to meet our regulatory and fiduciary obligations, which include responsibility for member services and investment governance (including setting investment objectives and strategies, risk management and asset allocation) for all the State Super investment strategies. State Super also continue to manage the four member investment choice strategies (Growth, Balanced, Conservative and Cash) in which SASS Defined Contribution assets are invested and the two university investment strategies (University Conservative Diversified and University Cash) in which Universities' employer reserves are invested.

University funding

In late September 2014, STC introduced two new tailored investment strategies for the investment of Employer reserves relating to Universities' DB liabilities.

The establishment of the two new investment strategies anticipated the run-down of Universities' reserves over the next three years. The two strategies' strategic asset allocations have been formulated to ensure the need for adequate liquidity given the draw-down profile of Universities' reserves are addressed. The two new strategies were:

- Universities' reserves were switched out of the then Growth Strategy into the new, more conservative, University Strategies based on values as at 30 September 2014.

- STC believes the signing of the MoU by the Commonwealth and NSW Governments in late 2014, the ongoing pay-as-you-go funding arrangement, and the requirement for 12 months' reserves, facilitates a solution to address funding arrangements relating to NSW Universities.

The superannuation benefits associated with the Australian Defence Force Academy are not included in the MoU. The funding arrangements for these benefits are considered separately.

Notional reallocation of assets

In February 2015, the successful completion of the Crediting Rate project also facilitated STC notionally allocating assets within the Pooled Fund to sub-pools which were aligned with the reserves held by employers for members and the choices made by members (i.e. Defined Benefit and Defined Contribution assets).

It is important to note that while separate asset sub-pools have been created; the allocation of assets to these sub-pools is notional only and does not create new legal entities. The assets are still part of one legal entity/beneficial ownership structure for tax and legal purposes (being the Pooled Fund).

For more detailed information on this project please see the 1 February 2015 news item titled *'Investment administration changes from 1 February 2015'* at **www.statesuper.nsw.gov.au**.

6. Develop and implement an effective stakeholder engagement strategy

State Super is one of the largest funds in Australia and manages these assets against over $56 billion in liabilities. Its influence and impact are significant and wide reaching in NSW and in Australia. A key part of its strategy is to maintain dialogue and the confidence of all its stakeholders including members, the NSW and Commonwealth Governments, Universities, private non-Government employers, unions and the broader financial markets.

A detailed stakeholder engagement strategy has been completed for internal and external stakeholders. This will assist us in monitoring and managing relationships with STC's internal and external stakeholders.

Implementation will be a key focus in 2015–16.

7. Implement HR strategies to support staff development and retention

The organisation identified its ongoing capability needs and a number of learning and development activities were scheduled for staff.

The staff survey results were analysed and a number of themes were identified, including employee engagement, work environment, change management and values.

A number of initiatives have been implemented in response to the survey findings, including:

- Coaching for staff
- Team building events
- Enhancement of the performance appraisal process
- Staff initiated social and charitable opportunities
- Establishment of a staff WHS Committee and a range of health and wellbeing activities have been implemented e.g. ergonomic assessments
- Dealing with Difficult Situations workshop
- Enhanced induction process.

8. Develop a change program to manage strategic projects, including communicating and gaining support of staff

The transfer of funds management activities to TCorp was a key focus for STC in 2014–15. The project had a far reaching impact throughout the organisation with people, processes all being transferred. A formal change management program was developed and utilised for the program of work.

The change material included:

- Change management strategy
- Change impact assessment
- Communication strategy
- Stakeholder management
- Change management tool kit
- Lead team through change

Ongoing communication with staff will continue as we finalise our transition to our new operating model

Part C
Operations overview

Investments

This section provides an overview of STC's investment management structure, performance and management activities during 2014–15.

Investment management structure
(post amalgamation)

From 15 June 2015, TCorp is the Master Investment Manager for the Trustee Selection Strategy which primarily invests employer funded (or Defined Benefit) assets. The services being provided by TCorp include undertaking functions such as recommending investment managers, conducting due diligence, funds administration and operations and reporting activities.

STC retains responsibility for investment governance (including setting investment objectives and strategies, risk management and asset allocation) for all the STC investment strategies. STC will also continue to manage the four member investment choice strategies (Growth, Balanced, Conservative and Cash) in which SASS Defined Contribution assets are primarily invested and the two University investment strategies (University Diversified Conservative and University Cash) in which Universities' Employer reserves are invested.

Investment market overview

Domestic growth

Growth in the first half of 2015 was at the lower end of expectations, prompting the Reserve Bank of Australia (RBA) to make two rate reductions each of 0.25% during this period. The signals were mixed domestically, with housing construction and consumer spending being the positives (thanks largely to low interest rates), but business investment was weak. During the year, RBA Governor, Glen Stevens, hinted at the limitations of monetary policy to drive growth in isolation and the need for more policy measures to support growth and confidence.

The Australian dollar depreciated, especially against the U.S. dollar, on the back of falling commodity prices and lower interest rates. This helped support the export sectors of the economy and provided a positive offset to weaker domestic demand.

U.S. optimism

Falling unemployment and growth in wages were two of the tell-tale signs that the U.S. economy was heading in the right direction. After weak first quarter growth in 2015, partially due to harsh winter conditions , a rebound was expected for the rest of the year, propelled by the service and housing sectors and increases in consumer spending and business investment.

The U.S. Federal Reserve is expected to commence raising interest rates later in the year, in response to a more buoyant economy. It has been widely telegraphed that the Federal Reserve would increase interest rates when the economy reached a sustainable growth path. When U.S. interest rates actually increase it should come as no surprise to global financial markets.

Chinese reductions

The Chinese slowdown continues to cause some concerns as it makes the transition from dependence on fixed asset investment to an economy underpinned by domestic consumption. Nevertheless the Chinese authorities have a number of policy levers available to them to stimulate the economy, should this be needed. The stock market tumble that occurred in quarter two of this year was partially the result of a significant increase in margin lending accounts earlier in the year. Many investors, retail investors among them, borrowed heavily to invest in the stock market. To reduce the chances of volatility in the stock market spilling over into the economy, Chinese authorities have stepped in with extraordinary interventions to halt the slide, including the suspension of trading and moving against short selling.

The impact on the Chinese economy is uncertain, but expected to be minimal, because less than 10% of consumers are invested in equities.

Europe battles on

A modest return to growth is pleasing, as are budget restraint and other economic reforms, but the turmoil over Greece in the second quarter of this year overshadowed these developments. The protracted discussions about debt refinancing have been temporarily concluded. Greece averted an exit from the Eurozone by agreeing to a package of austerity reforms. This opened the door to European support for Greek banks and negotiation of debt relief. It is difficult to envisage a sustainable solution to Greece's debt problem without some level of debt forgiveness.

What the markets are doing

The dramas in both Greece and China resulted in increased market volatility around the globe. Corrections will occur from time to time, which is common in investment markets. It is important not to over-react to short-term events, but to maintain a disciplined investment approach. Despite the increased market volatility at the end of the financial year, the investment returns generated by all the diversified investment options were well ahead of their respective objectives for the year ended 30 June 2015. Expectations on returns in the short term should be kept modest.

Investment performance

Long term performance

Meeting the long-term goal requires the investments to be actively managed to minimise the impact of drawdowns due to turbulent market conditions. Given the nature of the cash flow of the Fund, STC will reallocate assets as it deems necessary to increase the probability of all investment strategies achieving their respective investment objectives.

Crediting rates for the period ending 30 June 2015 against the investment objectives for each of the STC strategies are provided in the following table below.

Strategy	Objective	Period	Declared return p.a.	Objective p.a.
DEFINED BENEFIT				
Trustee Selection	CPI + 4.5%	10 years	6.8%	7.3%
University Diversified Conservative	CPI + 2.0%	3-5 years	N/A%	4.2%
University Cash	CPI + 0.25%	3 years	N/A%	3.1%
MEMBER INVESTMENT CHOICE				
Growth	CPI + 4.5%	10 years	6.7%	7.3%
Balanced	CPI + 3.0%	7 years	6.7%	5.5%
Conservative	CPI + 2.0%	4 years	7.2%	4.2%
Cash	CPI + 0.25%	3 years	2.7%	3.1%

The Trustee Selection, Growth Strategy and the two Cash Strategies have delivered returns below their respective return objectives. The objectives for the Cash Strategy and the University Cash Strategies have both been reduced to be in line with CPI for 2015–16

STC implements its investment objectives through fund managers, and over the course of 2014–15, STC has been varying the apportionment between its active and passive managers, as part of the process for allocating the investments appropriately for the longer term.

STC has continued to maintain prudent liquidity requirements to fund its liabilities. An increased focus on liquidity management remains a priority for the investment team.

STC reviews the risk and asset allocation settings of the Fund regularly. The asset allocation for each investment strategy is well diversified across asset classes and risk premia. The aim is to generate equity like returns with substantially reduced volatility. Risk management plays a crucial role in this process. STC's portfolio is well diversified across risk premiums, asset classes, investment managers and individual securities. STC believes that the current strategies in place for managing the investments of the Fund are likely to achieve the long-term investment objectives. Equity markets were very volatile towards the end of the financial year as investors worried about debt in Greece and margin loans in China. Nevertheless, it was another year of strong performances relative to the investment objectives for each of the diversified investment options.

2014–15 performance

The 2014–15 annual crediting rates for the various investment options were as follows:

Strategy	Crediting rate p.a.
DEFINED BENEFIT	
Trustee Selection	11.1%
University Diversified Conservative	4.2%
University Cash	1.6%
MEMBER INVESTMENT CHOICE	
Growth	10.2%
Balanced	8.9%
Conservative	6.9%
Cash	2.4%

STC was overweight in international equities relative to Australian equities, thus well positioned to benefit from the lift in global share markets that flowed from improved investor confidence. STC's investments in international assets also benefited from the fall in the Australian dollar that occurred during the year.

STC's portfolio of infrastructure and property assets made strong contributions to the total returns for the year.

The poorest performing asset class for the year was cash, which returned 2.4%.

The Trustee Selection and Growth Strategies in particular benefited from the active tilting process during the year, which was designed to crystallise returns, which is an important feature given all the strategies have negative cash-flow.

Currency is centrally managed. The focus of the currency program is risk mitigation and especially management of liquidity risk. During the year the program added significant value to the Alternatives and International Fixed Income portfolios as the Australian dollar weakened.

Crediting rates to Defined Benefit reserves

The crediting rates provided in the following tables for defined benefit reserves, are prior to adjustments for the varying rates of ECPI tax. As a result of ECPI tax adjustment each of the Defined Benefit reserves (including those relating to Crown and other Government enterprises that have pension members) is credited with an additional amount over and above that credited shown.

Trustee Selection Strategy

Year ending	Crediting rate to employer reserves (p.a.)
30 June 2015	11.1%
30 June 2014	12.3%
30 June 2013	17.1%
30 June 2012	0.4%
30 June 2011	8.7%
Average annual compound crediting rate (p.a.)	
Over 3 years	13.5%
Over 5 years	9.8%
Over 10 years	6.8%

Trustee Selection returns for Crown employers after the benefit of ECPI	Crediting rate including ECPI benefit to employer reserves (p.a.)
30 June 2015	12.5%
30 June 2014	14.0%
30 June 2013	19.2%
Average annual compound crediting rate (p.a.)	
Over 3 years	15.2%

University Diversified Conservative Strategy

Year ending	Crediting rate to employer reserves (p.a.)
30 June 2015	4.2%
30 June 2014	N/A
30 June 2013	N/A
30 June 2012	N/A
30 June 2011	N/A
Average annual compound crediting rate (p.a.)	
Over 3 years	N/A
Over 5 years	N/A
Over 10 years	N/A

University Cash Strategy

Year ending	Crediting rate to employer reserves (p.a.)
30 June 2015	1.6%
30 June 2014	N/A
30 June 2013	N/A
30 June 2012	N/A
30 June 2011	N/A
Average annual compound crediting rate (p.a.)	
Over 3 years	N/A
Over 5 years	N/A
Over 10 years	N/A

Crediting rates for member investment choice strategies

SASS is a hybrid scheme with the member financed benefit component being an accumulation of member contributions with investment earnings and the employer-financed benefit component being a defined benefit. On deferral, both the member and employer-financed components are accumulated with investment earnings from the investment strategy or strategies selected by the member.

SASS members have a choice of four investment strategies – Growth, Balanced, Conservative and Cash. The Growth Strategy is the default strategy that applies if a member does not make an investment choice. The crediting rates for the four investment strategies are shown below.

The crediting rates shown below are credited to members' accounts and have been rounded to one decimal point and are shown as an annual rate. Actual crediting rates are declared monthly to four decimal places. The annual rate is the compounded monthly rates.

Growth Strategy

Year ending	Crediting rate to members (p.a.)
30 June 2015	10.2%
30 June 2014	12.3%
30 June 2013	17.1%
30 June 2012	0.4%
30 June 2011	8.7%
Average annual compound crediting rate (p.a.)%	
Over 3 years	13.2%
Over 5 years	9.6%
Over 10 years	6.7%

Conservative Strategy

Year ending	Crediting rate to members (p.a.)
30 June 2015	6.9%
30 June 2014	8.1%
30 June 2013	9.2%
30 June 2012	4.6%
30 June 2011	6.7%
Average annual compound crediting rate (p.a.)	
Over 3 years	8.1%
Over 5 years	7.1%
Over 10 years	6.0%

Balanced Strategy

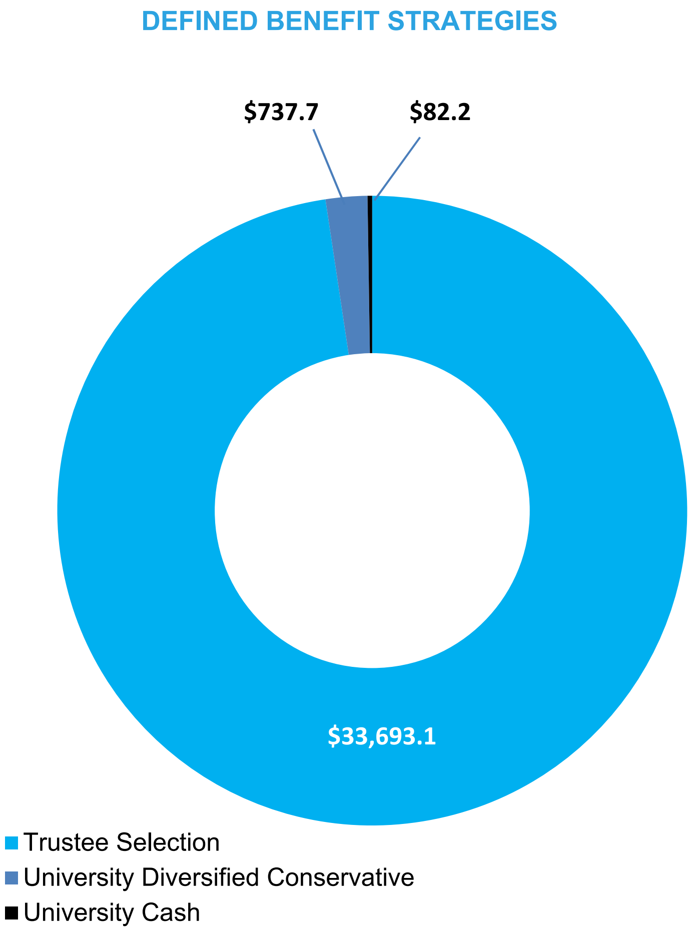
Year ending	Crediting rate to members (p.a.)
30 June 2015	8.9%
30 June 2014	10.7%
30 June 2013	13.7%
30 June 2012	2.6%
30 June 2011	7.7%
Average annual compound crediting rate (p.a.)	
Over 3 years	11.1%
Over 5 years	8.7%
Over 10 years	6.6%

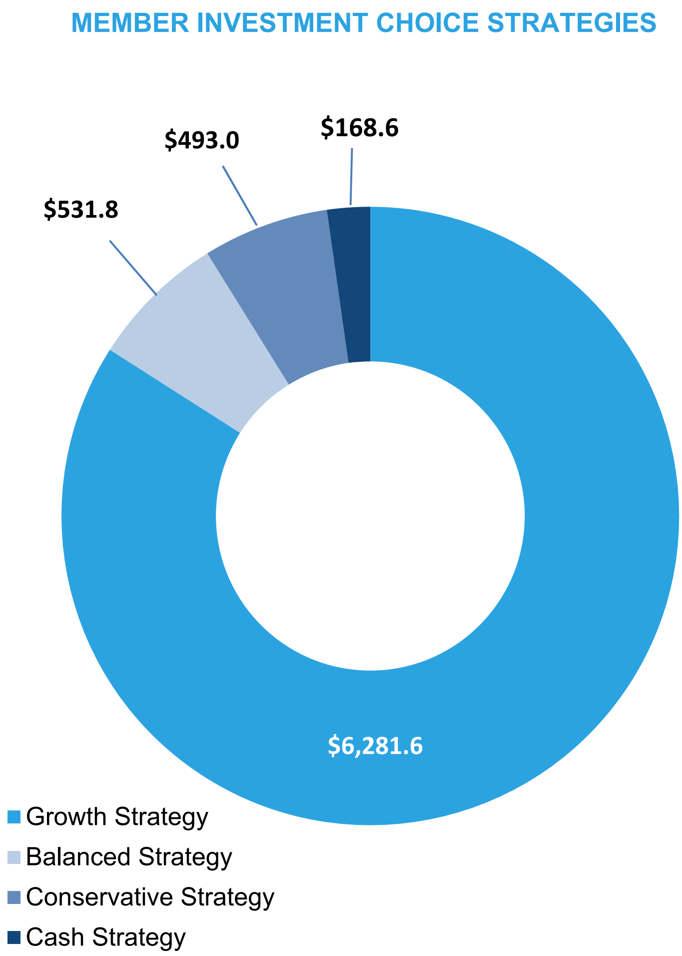
Cash Strategy

Year ending	Crediting rate to members (p.a.)
30 June 2015	2.4%
30 June 2014	2.5%
30 June 2013	3.2%
30 June 2012	4.2%
30 June 2011	4.5%
Average annual compound crediting rate (p.a.)	
Over 3 years	2.7%
Over 5 years	3.3%
Over 10 years	4.1%

Funds under management (FUM)

FUM per investment strategy as at 30 June 2015 ($millions)





Investment policies and practices

STRATEGIC ASSET ALLOCATION

STC allocates asset classes into three categories — liquid growth, alternatives and liquid defensive — to more closely reflect the role of each category within the portfolio.

The liquid growth category of assets consists of Australian and international listed equities. The liquid defensive category consists of Australian and international fixed interest, inflation like bonds and cash. Property, infrastructure, corporate debt, absolute return strategies and private equity comprise the alternatives category.

Liquid growth is expected to make a large contribution to long-term returns, but returns are likely to be highly volatile. The allocation to liquid growth, as well as the allocation between Australian equities and international equities within the liquid growth category may be changed from time to time depending on market opportunities.

Alternatives serve a dual purpose. Some of the asset classes in this category are expected to generate returns in line with or higher than CPI + 4.5%, which is the objective for the Trustee Selection and Growth Strategies. Other asset classes within the alternatives category are expected to have a dual objective of providing CPI + 4.5%, but with the ability to provide downside protection when markets are turbulent.

Liquid defensive represents asset classes that tend to do well when markets are turbulent. These asset classes provide capital protection when most other strategies are not performing well, but they are not expected to generate CPI + 4.5% over the long term.

STC can dynamically allocate assets between liquid defensives and liquid growth based on changes in the investment environment. The allocation to alternatives on the other hand is strategic in nature and generally illiquid with investments being held over the medium to long term.

MARKET RISK PROTECTION STRATEGIES

Downside protection – The Trustee may employ a series of investment strategies to manage downside risk, which could include a combination of: derivatives for hedging and exposure management; rotation of assets and managers; centralised risk managed currency overlay, option strategies and manager benchmarking focussed on downside risk management.

Exposure management – In the case of the Trustee Selection and Growth Strategies, the listed asset classes can be tilted away from their respective asset allocation weights in a disciplined manner. The portfolios can be tilted using dynamic asset allocation ranges set for each of the strategies in order to capture upside potential gains and provide a degree of downside protection.

The Balanced and Conservative Strategies are currently rebalanced back to their respective target allocations monthly. If an asset class has deviated away from the target asset allocation, the manager trades against the Growth Strategy, to return allocations back to the target asset allocation. The exposure management process may involve the use of derivatives.

Divestment of investments in tobacco product manufacturers and controversial weapons manufacturers

In 2012–13, the Trustee Board decided to divest its holdings in tobacco product manufacturers.

In 2013–14 the Trustee also made a decision to exclude investments in controversial weapons manufacturers including cluster munitions, chemical and biological weapon manufacturers.

STC's ESG policy has been updated to reflect the decisions. As at 30 June 2015, STC has significantly reduced holdings in controversial weapons manufacturers and in tobacco product manufacturers. It is anticipated that full divestment in these holdings will be completed during the upcoming reporting period.

INVESTMENT GOVERNANCE FRAMEWORK

The Trustee Board has approved STC's Investment Governance Framework which covers the systems, structures, policies, processes and people which support the selection, management and monitoring of the investment decisions made for the Pooled Fund. STC's Investment Governance Structure consists of a combination of Legislative requirements, Ministerial, Board and Board Sub-Committee oversight and management and monitoring by STC's Executive and the appointed Master Investment Manager.

Key components of STC'S Investment Governance Framework include:

Investment Committee – The Trustee Board established an Investment Committee to support the Board in determining and affecting the investment strategy; to conduct the process of appointing and replacing investment managers and other investment service providers; and to ensure that asset and liability matching is taken into account in investment management decisions.

Risk, Audit and Compliance Committee – The Trustee Board established the Risk, Audit and Compliance Committee to support the Board by reviewing and monitoring STC's governance, risk and compliance frameworks which includes audit arrangements, selection of the Appointed Actuary, the triennial review of the Pooled Fund and the review of policies and procedures.

Asset and Liability Team – This team is responsible for executing STC's Investment Policy Statement by recommending Strategic Asset Allocation (SAA) and Dynamic Asset Allocation (DAA) decisions, reviewing and monitoring recommendations provided by the Master Investment Manager, managing liquidity in the fund to meet liability requirements and managing the investment decisions and processes for the Defined Contribution and University assets.

Master Investment Manager – In March 2014, the NSW Government announced its intention to amalgamate the funds management activities of the State's financial assets within NSW Treasury Corporation (TCorp). The STC Board has, after a full due diligence process, resolved to appoint TCorp as Master Investment Manager for the Defined Benefit assets. This arrangement is governed a written contract, the Master Financial Services Agreement, which sets out the services and functions provided by TCorp. The appointment of TCorp commenced effective 15 June 2015.

Asset Consultant – Frontier Advisors Pty Limited are the appointed Asset Consultant for STC providing a range of services which include the review of objectives, strategic asset allocation and the risk/return profile of investment options.

Appointed Actuary – Mercer Consulting (Australia) Pty Limited is STC's Appointed Actuary and provides advice on the triennial actuarial review which projects the profile of the Fund's assets and liabilities to the funding position and requirements of the Schemes.

Master custodian – The Trustee Board has appointed JPMorgan Chase Bank, NA, as master custodian to hold the Pooled Fund's assets. The master custodian also values the Fund daily and monitors each investment manager's daily activity to ensure compliance with its investment mandate.

Investment managers – As required by the *Superannuation Administration Act 1996*, all of the Pooled Fund's assets are managed by external fund managers appointed by STC. Each manager operates under a written agreement and investment mandate. The performance of the various fund managers is monitored throughout the year and new managers may be added or existing managers replaced.

Policies – STC has a range of policies which support the Investment Governance Framework these include:

- Investment Policy Statement (incorporating the Investment Beliefs)
- Derivative Risk Statement
- Liquidity Policy
- ESG/Proxy Voting Policy
- Large Exposure and Counterparty Policy.

Derivatives – Derivatives, including futures and options, can be used by STC's investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash flow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing the investment portfolio.

Currency hedging policy – The Trustee's policy for currency hedging at 30 June 2015 was:

- international equities are hedged from 0% to 80% into Australian dollars
- international property, infrastructure and alternative assets are hedged from 0% to 100% into Australian dollars
- international fixed interest assets (sovereign and corporate debt) are hedged from 0% to 100% into Australian dollars.

Defined benefit investment strategies – at 30 June 2015

TRUSTEE SELECTION STRATEGY

Investment objective: The objective of the Trustee Selection Strategy is to maximise the earnings rate subject to a greater than 50% probability of exceeding CPI + 4.5% p.a. over rolling 10-year periods.

Risk: Medium to high (Standard Risk Measure (SRM) risk band 5: from 3 to less than 4 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2015: $33,693.1 million

Asset allocation as at 30 June 2015:

	Strategic %	Actual %
Liquid growth	**54.0**	**52.9**
Australian equities	27.0	23.5
International equities	27.0	29.4
Alternatives	**31.5**	**25.3**
Infrastructure	10.0	11.1
Property	9.0	8.8
Other alternatives	12.5	5.4
Liquid defensive	**14.5**	**21.8**
Australian fixed interest	5.0	6.3
International fixed interest	2.0	2.6
Cash	7.5	12.9
TOTAL	**100.0**	**100.0**

During 2014–15 efforts were made in the Trustee Selection Strategy to close the gap between the strategic allocation target and the actual asset allocation. Identifying the right assets and building the targeted exposures across the relevant strategies takes time however, the process is well underway. In the coming year STC will continue to identify the right opportunities to narrow the gap between the actual asset allocation and the strategic target. In the meantime, cash levels will be held at higher than long-term levels.

UNIVERSITY DIVERSIFIED CONSERVATIVE STRATEGY

Investment objective: Investment objective of the University Diversified Conservative Strategy is to maximise the earnings rate subject to a greater than 60% probability of exceeding CPI + 2.0% p.a. over 3-5 year rolling periods.

Risk: Low (SRM risk band 1: from less than 1 negative annual return estimated in a 20 year period).

Net assets at 30 June 2015: $737.7 million

Asset allocation as at 30 June 2015:

	Strategic %	Actual %
Liquid growth	**28.0**	**30.2**
Australian equities	14.0	14.7
International equities	14.0	15.5
Alternatives	**0.0**	**0.0**
Liquid defensive	**72.0**	**69.8**
Australian fixed interest	6.0	6.9
International fixed interest	2.0	2.2
Cash	64.0	60.7
TOTAL	**100.0**	**100.0**

UNIVERSITIES CASH STRATEGY

Investment objective: Investment objective of the Universities Cash Strategy is to maximise the earnings rate subject to a greater than 80% probability of exceeding CPI + 0.25% p.a. over 3 year rolling periods.

Risk: Very Low (SRM risk band 1: from less than 0.5 negative annual return estimated in a 20 year period).

Net assets at 30 June 2015: $82.2 million

Asset allocation as at 30 June 2015:

	Strategic %	Actual %
Liquid growth	**0.0**	**0.0**
Alternatives	**0.0**	**0.0**
Liquid defensive	**100.0**	**100.0**
Australian fixed interest	0.0	0.0
International fixed interest	0.0	0.0
Cash	100.0	100.0
TOTAL	**100.0**	**100.0**

Member investment choice strategies – at 30 June 2015

GROWTH STRATEGY

Investment objective: The objective of the Growth Strategy is to maximise the earnings rate subject to a greater than 50% probability of exceeding CPI + 4.5% p.a. over rolling 10-year periods.

Risk: Medium to high (SRM risk band 5: from 3 to less than 4 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2015: $6,281.6 million

Asset allocation as at 30 June 2015:

	Strategic %	Actual %
Liquid growth	**54.0**	**53.2**
Australian equities	27.0	24.2
International equities	27.0	29.0
Alternatives	**31.0**	**30.0**
Infrastructure	10.5	10.1
Property	7.5	7.0
Other alternatives	13.0	11.0
Liquid defensive	**15.0**	**16.8**
Australian fixed interest	5.5	5.1
International fixed interest	2.0	1.8
Cash	7.5	9.9
TOTAL	**100.0**	**100.0**

BALANCED STRATEGY

Investment objective: The objective of the Balanced Strategy is to maximise the earnings rate subject to a greater than 60% probability of exceeding CPI + 3.0% p.a. over rolling 7-year periods.

Risk: Medium (SRM risk band 4: from 2 to less than 3 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2015: $531.8 million

Asset allocation as at 30 June 2015:

	Strategic %	Actual %
Liquid growth	**38.0**	**36.9**
Australian equities	19.0	18.3
International equities	19.0	18.6
Alternatives	**25.5**	**25.5**
Infrastructure	9.0	9.0
Property	8.5	8.5
Other alternatives	8.0	7.5
Liquid defensive	**36.5**	**37.6**
Australian fixed interest	13.5	13.4
International fixed interest	4.0	4.0
Cash	19.0	20.2
TOTAL	**100.0**	**100.0**

CONSERVATIVE STRATEGY

Investment objective: The objective of the Conservative Strategy is to maximise the earnings rate subject to a greater than 70% probability of exceeding CPI + 2.0% p.a. over rolling 4-year periods.

Risk: Low (SRM risk band 2: from 0.5 to less than 1 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2015: $493.0 million

Asset allocation as at 30 June 2015:

	Strategic %	Actual %
Liquid growth	**20.0**	**19.5**
Australian equities	10.0	9.7
International equities	10.0	9.8
Alternatives	**20.0**	**20.0**
Infrastructure	6.0	6.0
Property	7.5	7.5
Other alternatives	6.5	6.0
Liquid defensive	**60.0**	**60.5**
Australian fixed interest	11.5	11.5
International fixed interest	4.0	4.0
Cash	44.5	45.0
TOTAL	**100.0**	**100.0**

CASH STRATEGY

Investment objective: The objective of the Cash Strategy is to maximise the earnings rate subject to a greater than 80% probability of exceeding CPI + 0.25% p.a. over rolling 3-year periods.

Risk: Very low (SRM risk band 1: less than 0.5 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2015: $118.6 million

Asset allocation as at 30 June 2015:

	Strategic %	Actual %
Liquid growth	**0.0**	**0.0**
Alternatives	**0.0**	**0.0**
Liquid defensive	**100.0**	**100.0**
Cash	100.0	100.0
TOTAL	**100.0**	**100.0**

Investment expenses

The investment management expense ratio for an investment strategy is the investment management expenses incurred by the strategy expressed as a percentage of the average net asset value of the strategy. The investment management expense ratios for the seven STC investment strategies are shown below.

Investment management expense ratio of average total assets		
Strategy	**Actual 2014–15**	**Estimated 2015–16**
DEFINED BENEFIT INVESTMENT STRATEGIES		
Trustee Selection	0.38%	0.42%
University Diversified Conservative	0.09%	0.09%
University Cash	0.16%	0.07%
MEMBER INVESTMENT CHOICE INVESTMENT STRATEGIES		
Growth	0.37%	0.39%
Balanced	0.33%	0.34%
Conservative	0.24%	0.25%
Cash	0.07%	0.07%

The University Cash Strategy experienced high investment management expenses during the year, which was a result of high inception start-up costs. The level of fixed costs combined with the option being small also contributed to the costs associated with the option. Growth in the option is expected to drive down investment management expenses during 2015–16.

The indirect cost percentages for 2015–16 are estimates and may change due to market circumstances or changes in the structure of the asset sectors as the year unfolds. These estimates are slightly higher than the previous financial year due to a restructure of the mix of strategies being used.

Changes to investment strategies – effective 1 July 2015

In June 2015, STC undertook its annual review of the investment strategy for the Pooled Fund and made the following changes effective 1 July 2015.

Changes to the return objectives

STC revised the return objective for the Cash and University Cash Strategy, from CPI + 0.25% p.a. over rolling three-year periods to CPI p.a. over rolling three-year periods. This change reflects that official cash rates have been coming down, and STC's view that the expected return for the asset class and therefore the Cash Strategy is expected to be lower than historically experienced.

A new name for the University Diversified Strategy

Effective 1 September 2015, the University Diversified Strategy was renamed to the University Diversified Conservative Strategy. The name change was made to better reflect the nature of the strategy.

Strategic asset allocation changes

STC decreased the allocation to Liquid Growth in favour of Alternatives within the Trustee Selection and Growth Strategies. Also within Liquid Growth, the strategic asset allocation to Australian equities was decreased in favour of international equities across all four diversified strategies (Trustee Selection, Growth, Balanced and Conservative).

These asset allocation changes do not adversely affect the risk and return profiles (Standard Risk Measures) of any of the strategies over their respective time horizons.

Strategic asset allocation target levels and dynamic asset allocation ranges effective from 1 July 2015 for the three Defined Benefit strategies and the four member investment choice strategies are shown on the following page.

STRATEGIC ASSET ALLOCATIONS FOR DEFINED BENEFIT STRATEGIES

Trustee Selection Strategy

Effective from 1 July 2015, the strategic asset allocation for the Trustee Selection Strategy was revised to:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**50.0**	**34.0 – 66.0**
Australian equities	22.0	
International equities	28.0	
Alternatives	**35.5**	**25.5 – 45.5**
Property	10.0	
Infrastructure	12.0	
Other alternatives	13.5	
Liquid defensive	**14.5**	**10.0 – 30.5**
Australian fixed interest	5.0	
International fixed interest	2.0	
Cash	7.5	
TOTAL	**100.0**	**100.0**

University Diversified Conservative Strategy

Effective from 1 July 2015, the strategic asset allocation for the University Diversified Conservative Strategy was revised to:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**28.0**	**20.0 – 36.0**
Australian equities	12.0	
International equities	16.0	
Alternatives	**0.0**	**N/A**
Liquid defensive	**72.0**	**64.0 – 80.0**
Australian fixed interest	6.0	
International fixed interest	2.0	
Cash	64.0	
TOTAL	**100.0**	**100.0**

University Cash Strategy

Effective from 1 July 2015, the strategic asset allocation for the University Cash Strategy was revised to:

	Strategic asset allocation %
Liquid growth	**0.0**
Alternatives	**0.0**
Liquid defensive	**100.0**
Cash	100.0
TOTAL	**100.0**

Note: Dynamic asset allocation ranges are not used in the University Cash Strategy.

STRATEGIC ASSET ALLOCATIONS FOR MEMBER INVESTMENT CHOICE STRATEGIES

Growth Strategy

Effective from 1 July 2015, the strategic asset allocation of the Growth Strategy was revised to:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**50.0**	**34.0 – 66.0**
Australian equities	22.0	
International equities	28.0	
Alternatives	**34.0**	**26.0 – 42.0**
Property	7.5	
Infrastructure	11.0	
Other alternatives	15.5	
Liquid defensive	**16.0**	**10.0 – 32.0**
Australian fixed interest	6.0	
International fixed interest	2.0	
Cash	8.0	
TOTAL	**100.0**	**100.0**

Balanced Strategy

Effective from 1 July 2015, the strategic asset allocation of the Balanced Strategy was revised to:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**38.0**	**28.0 – 48.0**
Australian equities	16.0	
International equities	22.0	
Alternatives	**25.5**	**17.5 – 33.5**
Property	8.5	
Infrastructure	9.0	
Other alternatives	8.0	
Liquid defensive	**36.5**	**26.5 – 46.5**
Australian fixed interest	13.5	
International fixed interest	4.0	
Cash	19.0	
TOTAL	**100.0**	**100.0**

Conservative Strategy

Effective from 1 July 2015, the strategic asset allocation of the Conservative Strategy was revised to:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**20.0**	**12.0 – 28.0**
Australian equities	8.0	
International equities	12.0	
Alternatives	**20.0**	**12.0 – 28.0**
Property	7.5	
Infrastructure	6.0	
Other alternatives	6.5	
Liquid defensive	**60.0**	**52.0 – 68.0**
Australian fixed interest	11.5	
International fixed interest	4.0	
Cash	44.5	
TOTAL	**100.0**	**100.0**

Cash Strategy

Effective from 1 July 2015, the strategic asset allocation of the Cash Strategy was revised to:

	Strategic asset allocation %
Liquid growth	**0.0**
Australian equities	0.0
International equities	0.0
Alternatives	**0.0**
Liquid defensive	**100.0**
Cash	100.0
TOTAL	**100.0**

Note: Dynamic asset allocation ranges are not used in the Cash Strategy.

Investment managers at 30 June 2015

	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
Australian equities			
Balanced Equity Management Pty Limited	✓	–	–
BlackRock Asset Management Australia Limited	✓	–	–
BT Investment Management (Institutional) Limited	✓	✓	–
Citigroup Global Markets Australia Pty Ltd	✓	✓	–
Cooper Investors Pty Limited	✓	–	–
Ellerston Capital Limited	✓	–	–
Hyperion Asset Management Limited	✓	–	–
Lazard Asset Management Pacific Co	✓	–	–
Macquarie Investment Management Limited	✓	–	–
Maple-Brown Abbott Limited	✓	–	–
Northcape Capital Pty Ltd	✓	✓	–
Perennial Value Management Limited	✓	✓	–
Platypus Asset Management Pty Ltd	✓	✓	–
State Street Bank & Trust Company	✓	✓	–
State Street Global Advisors, Australia, Limited	✓	✓	–
UBS Securities Australia Limited	✓	✓	–
International equities			
Altrinsic Global Advisors LLC	✓	✓	–
AQR Capital Management, LLC	✓	✓	–
Arrowstreet Emerging Markets Fund	✓	✓	–
Artisan Partners Limited Partnership	✓	–	–
Citigroup Global Markets Australia Pty Ltd	✓	✓	–
Goldman Sachs Australia Pty Ltd	✓	–	–
Harris Associates Limited Partnership	✓	–	–
Hexavest Inc.	✓	–	–
Investec Asset Management Limited	✓	✓	–
Lazard Asset Management Pacific Co	✓	–	–
Morgan Stanley Investment Management Ltd	✓	–	–
Realindex Investments Pty Limited	✓	–	–
State Street Bank & Trust Company	✓	✓	–
State Street Global Advisors, Australia, Limited	✓	✓	–
The Genesis Emerging Markets Investment Company C/O Genesis Asset Managers, LLP	✓	–	–
Trilogy Global Advisors, LLC	✓	✓	–
UBS Securities Australia Limited	✓	✓	–

Property	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
Dexus Funds Management Limited	✓	–	–
EG Funds Management Pty Ltd	✓	–	–
Franklin Templeton Investments Australia Limited	✓	–	–
SG Hiscock & Company Limited	✓	–	–
Vanguard Investments Australia Ltd	✓	✓	–
LaSalle Investment Management (via Equity Trustees Ltd)	–	✓	–
International fixed interest			
State Street Global Advisors, Australia, Limited	✓	✓	–
Wellington International Management Company Pty Ltd	✓	–	–
Australian fixed interest & cash			
BT Investment Management (Institutional) Limited	✓	✓	–
Colonial First State Asset Management (Australia) Limited	✓	–	–
State Street Global Advisors, Australia, Limited	✓	✓	–
New South Wales Treasury Corporation	✓	–	–
Alternative assets			
AMP Capital Investors Limited	✓	✓	–
Deutsche Australia Limited	✓	✓	–
GMO Australia Limited	✓	✓	–
Hastings Investment Management Limited	–	✓	–
Kaplan Funds Management Pty Limited	✓	–	–
Macquarie Investment Management Limited	✓	✓	–
Macquarie Specialised Asset Management Limited	✓	–	–
RARE Infrastructure Limited	✓	✓	–
Schroder Investment Management Australia Limited	✓	✓	–
Siguler Guff Distressed Opportunities Fund III (F), LP	✓	–	–
Siguler Guff Distressed Opportunities Fund IV (F), LP	✓	–	–
UBS Global Asset Management (Australia) Ltd	✓	✓	–
Whitehelm Capital Pty Ltd	✓	–	–
Currency			
Pareto Investment Management Limited	✓	✓	–
State Street Global Advisors, Australia, Limited	✓	✓	–
Universities			
State Street Global Advisors, Australia, Limited	–	–	✓

Member services

Overview of scheme membership

The membership of the STC Schemes as at 30 June 2015 is set out below.

Scheme	At 30 June 2010	At 30 June 2015	% movement in 5 years
Active members			
SASS	44,022	28,669	-35%
SSS	17,855	7,114	-60%
PSS	2,138	1,281	-40%
Total	**64,015**	**37,064**	**-42%**
Deferred benefit members			
SASS	10,729	10,358	-3%
SSS	3,322	2,047	-38%
PSS	166	114	-31%
Total	**14,217**	**12,519**	**-12%**
Pension members			
SASS	4,438	4,156	-6%
SSS	46,786	53,452	14%
PSS	6,566	6,550	0%
Total	**57,790**	**64,158**	**11%**
Total	**136,022**	**113,741**	**-16%**

The STC Schemes are closed to new members and over the past five years, the number of active members fell by 26,951 while the number of pension members increased by 6,368. Please refer to page 63 for membership statistics for the past five years.

The next 5 years

Over the coming five year period to 30 June 2020, the membership of the STC Schemes will continue to fall to a projected 91,899 members. During this period the contributory or active membership will halve to 18,499 members. The rapid reduction in contributors reflects the age profile of the membership as well as the SSS benefit design which encourages retirement by age 60.

Over the period to 2020, the deferred benefit membership is projected to fall to 7,684 members, as these members reach the age when they can claim their benefit.

In contrast to the reduction in contributory and deferred benefit members, the number of pension members is projected to increase from 64,158 to 65,716 in 2020. The number of pension members is projected to peak in 2019. In the longer term, pension members will be the only members in the STC Schemes.

Services for members

STC continues to provide a range of services to enable members to obtain timely, accurate and useful information on the Schemes and their personal benefit entitlements.

INFORMATION, EDUCATION AND ADVICE SERVICES

The trends in members' use of the services are shown in the table below.

	2012–13	2013–14	2014–15
Telephone calls	109,050	104,711	94,119
Letters	7,109	7,375	5,560
Emails	13,916	10,506	8,769
Seminar attendance	3,265	2,587	2,237
Personal interviews	2,143	1,324	878
Financial planning advice	18,673	22,281	19,920

The decline in members' use of most services can be attributed to the steady reduction in membership.

Personal interview service

Personal interviews are available for current and deferred STC members. Members are provided with general advice about their scheme and general superannuation information. During 2014–15, Pillar staff conducted 878 interviews, most at their Sydney CBD office, with the remainder at regional offices of State Super Financial Services.

Retirement planning seminars

During 2014–15, STC staff conducted 69 retirement planning seminars which were attended by 2,130 SASS and SSS members. Of these, 16 seminars were held in the Sydney CBD, 23 in the metropolitan area and 32 in regional centres. In addition to the retirement planning seminars, STC conducted five Understanding Your Super seminars for SASS members with a total of 107 members attending.

Staff from State Super Financial Services attended all STC seminars during the year and conducted a presentation on retirement planning to supplement the scheme information provided by STC staff.

During the course of 2014–15 STC decided to outsource the provision of retirement planning seminars to SSFS. The arrangement became effective from 1 July 2015. STC will continue to monitor the provision of this service to members for quality and accuracy.

Financial planning advice

State Super Financial Services Australia Limited (SSFS) provides financial planning advice to members of the STC Schemes and their relatives. STC has documented the services offered to members by SSFS through an access agreement.

STC and SSFS liaise closely to ensure that the members of the STC Schemes have access to high quality information and advice about their scheme entitlements and financial planning.

During 2014–15, SSFS made 19,920 financial planner appointments in respect of STC members or relatives of STC members.

OTHER SERVICES TO MEMBERS

Salary-sacrifice contributions

All members have the option of contributing their compulsory member contributions on a post-tax or a pre-tax (salary sacrifice) basis. The majority of members in all Schemes make salary sacrifice contributions. The percentage of member contributions received via salary sacrifice from 1 July 2012 to 30 June 2015, with a breakdown per scheme, is shown in the following table.

Percentage of member contributions received via salary sacrifice over the last three years

Scheme	2012–13	2013–14	2014–15
SASS	61%	64%	68%
SSS	78%	80%	82%
PSS	58%	60%	62%

SASS member investment choice

SASS members are able to choose single or multiple investment strategies for their personal account balance and future contributions.

The table below shows the allocation of member account balances by investment strategy. The account balances in this table cover both contributory and deferred SASS members, are net of surcharge tax liabilities and include deferred SANCS benefits invested in the Growth Strategy.

	Account balances			
	30 June 2014 $ million	%	30 June 2015 $ million	%
Growth	6,018.8	85	6,281.6	84
Balanced	447.5	6	531.8	7
Conservative	435.4	6	493.0	7
Cash	207.7	3	168.6	2
Total	**7,109.4**	**100**	**7,475.0**	**100**

The large majority of account balances continue to be invested in the Growth Strategy (the default strategy) for member investment choice. Over the course of 2014–15, the amount invested in each strategy increased other than in the Cash Strategy, which experienced net outflows.

Part D
Corporate Governance

The following information is provided in accordance with the *Annual Reports (Statutory Bodies) Regulation 2010*.

Corporate Governance

Maintaining fitting governance arrangements for the functions and activities undertaken by STC is critical to the delivery of high quality performance. Implementation of well-considered and fit for purpose governance arrangements provide the foundation for the effective and efficient management of STC. The corporate governance arrangements of STC include the reporting and management structure overseen by the Trustee Board and its Committees to meet its fiduciary, regulatory and compliance obligations. As noted in Part B of this report, STC has recently undertaken a review of its governance model and is committed to implementing the recommendations to ensure that strong and robust procedures are in place.

STC's regulatory framework

The Act gives STC the functions of the trustee for the STC Schemes. These schemes are primarily Defined Benefit schemes established under separate Acts. Generally, STC will have functions (which include powers, authorities and duties) that are consistent with the requirements of the Superannuation Industry (Supervision) Act 1993 (SIS Act) of the Commonwealth. The SIS Act regulates the functions of trustees of superannuation funds and the administration of superannuation schemes but does not apply directly to the STC Schemes. As the STC Schemes are exempt public sector superannuation schemes within the meaning of the SIS Act, the Schemes are not financial products as defined under the Corporations Act. Accordingly, the Corporation Act does not apply directly to STC or its Schemes.

Notwithstanding these exemptions, the Heads of Government Agreement commencing 1 July 1996 (an agreement between the Commonwealth and States and Territories) requires STC to conform to the principles of the Commonwealth's retirement incomes policy to the best of its endeavours. This includes provisions of the SIS Act and Corporations Act. Additionally, STC is also subject to a number of State and Commonwealth legislation.

The Act enables the responsible Minister to prudentially monitor the STC Schemes and the Trustee Board.

Compliance framework

STC has a formal compliance framework, which outlines the processes adopted by the Trustee Board to govern compliance with the regulatory obligations that apply to STC's day to day operations. The framework is the totality of the systems, structures, policies processes and people within STC's business operations that identify, assess and manage compliance obligations. The Trustee Board receives ongoing reporting and actively participates in the monitoring process to ensure the adequacy of the plans and policies both directly and through its Committees.

STC's compliance processes include:

- the review and maintenance of plans and policies required by NSW legislation for public sector agencies
- the review and maintenance of plans and policies that comply (on a best endeavours basis) with the *Superannuation Industry (Supervision) Act 1993 (SIS)*, APRA Standards and relevant provisions of the *Corporations Act 2001*
- the review and maintenance of compliance obligations registers that identify STC's legislative and contractual obligations
- ongoing self-assessment by management of compliance with the obligations register and reporting of the results of the self-assessment to the Risk, Audit and Compliance Committee on a quarterly basis
- formal annual verification being obtained from STC's outsourced service providers, confirming that they have complied with their contractual and legislative obligations during the year in relation to their services to STC
- regular monitoring of compliance with obligations as outlined in the compliance obligations register
- periodic internal audits of compliance with relevant plans and policies
- regular board appraisals are conducted to assesses governance and control practices along with other key elements for board success.

Risk management

Risk management and insurance

The Trustee Board is responsible for having a Risk Management Framework that is appropriate to the size, business mix and complexity of the scheme and enables the Trustee to effectively manage the material risks presented by its environment and objectives.

The Risk, Audit and Compliance Committee (RACC) assists STC to monitor and review the Risk Management Framework. The RACC meetings are held quarterly and are also attended by members of the Executive, and representatives of the NSW Audit Office and the scheme administrator, Pillar Administration.

Risk Management Framework

The Risk Management Framework sets out the Trustee Board's approach to the identification, assessment, management, reporting and monitoring of risks.

STC's Risk Management Framework is the totality of the systems, structures, policies, processes and people within STC's business operations that identify, assess, manage, mitigate and monitor all internal and external sources of inherent risk that could have a material impact on STC's business operations or the interests of beneficiaries.

STC's Risk Management Framework has been developed having regard to the APRA Prudential Standard SPS 220 Risk Management (SPS 220). The Risk Management Framework includes the:

- Risk Appetite Statement (including Risk Tolerances)
- Risk Management Strategy
- Risk Register.

STC's Risk Appetite Statement articulates the acceptable risk limits within which staff at all levels of STC business operations and consultants, whether internal or external, must operate.

The material risks, methods to control these risks and the ongoing monitoring procedures are set out in STC's Risk Management Strategy.

STC's Risk Register details the following:

- risks that have been identified by the Trustee Board as material
- methods adopted to minimise and/or mitigate material risks
- methodology for monitoring material risks on an ongoing basis.

The Risk Register is reviewed by STC staff on an ongoing basis and reported to the RACC quarterly. A full review of the Risk Register is also performed on an annual basis, providing a detailed analysis and assessment of the material risks in relation to STC's objectives and the Scheme's activities and proposed activities, for review by the RACC and the Trustee Board.

In addition to the Risk Management Framework, STC also has procedures in relation to:

- the management and monitoring arrangements in respect of adequate human, technical and financial resources to enable STC to carry out its obligations effectively
- the management and control of fraud and corruption
- insurance cover in the event of an unexpected occurrence affecting its operations or resources.

Moreover, STC also has policies which deal with risk mitigation, including the Code of Conduct and Ethics and Protected Disclosures Reporting Policy, which encourage proactive risk management and compliance with regulatory obligations.

Insurance

During the 2014–15 financial year, insurance for STC was maintained with the NSW Self Insurance Corporation (SI Corp), which covers the NSW Government's insurable risks. SI Corp provides cover for the following classes of risk:

- workers compensation
- property (full replacement, new for old, including consequential loss)
- liability (including, but not limited to, professional indemnity, and directors' and officers' liability)
- miscellaneous (e.g. personal accident).

Internal Audit and Risk Management Statement for the 2014–15 Financial Year for the SAS Trustee Corporation

The SAS Trustee Corporation **(STC)** Board members are of the opinion that STC has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy. These processes provide a level of assurance that enables STC's senior management of to understand, manage and satisfactorily control risk exposures.

The STC Board members are of the opinion that the Risk, Audit and Compliance Committee for STC is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Risk, Audit and Compliance Committee for the 2014 – 2015 period are:

- Independent Chair – George Venardos (term of appointment: 5 November 2012 to 4 November 2016).
- Independent Member - Michael Lambert (term of appointment: 1 February 2010 to 9 February 2015, then reappointed from 26 February 2015 to 16 June 2015).
- Independent Member – Paul Scully (term of appointment: 21 March 2014 to 9 August 2015).
- Independent Member – Anthony O'Grady (term of appointment: 23 March 2015 to 24 June 2017).
- Independent Member – Karen Moses (term of appointment: 23 March 2015 to 18 March 2016).

This ATTESTATION was executed on ……………………., following a resolution of the STC Board on 28 August 2015.

The COMMON SEAL of the)
SAS Trustee Corporation was)
hereto affixed in the presence of:)

……………………………………….	……………………………………….
Signature of John Livanas	Signature of Witness
John Livanas CEO	………………………………………. Name of Witness

Privacy and use of member information

As a NSW Government entity, STC complies with relevant legislation, including the *Privacy and Personal Information Protection Act 1998* (Privacy Act) and the *Health Records and Information Privacy Act 2002* (HRIP Act).

STC has developed a Privacy Management Plan (Plan) and implements the Plan with the assistance of Pillar Administration.

The Privacy Statement:

- details how STC complies with the requirements of the Privacy and HRIP Acts
- explains how STC deals with members' personal and health information that may be collected and used in the course of administering the Fund
- summarises the circumstances where STC may provide a members' personal and health information to third parties.

STC endeavours to ensure its records of members' personal details are up to date and accurate. Members may contact Pillar Administration to advise of changes to their personal and health details.

STC takes steps to ensure there is no unauthorised use or disclosure of members' information. The Privacy Statement is available on request and from the State Super website at **www.statesuper.nsw.gov.au**.

Public interest disclosures

There was one public interest disclosure (PID) made by one public official to STC relating to administration during the reporting period. This PID was finalised during the year.

STC has established the Protected Disclosures Reporting Policy which governs STC's processes to comply with the *Public Interests Disclosures Act 1994 (NSW).* STC facilitates staff awareness of the STC Policy and the relevant protections under the *Public Interests Disclosures Act 1994 (NSW)* in a number of ways including facilitating staff access to STC's Policy and conducting awareness training to staff.

Significant judicial decisions

STC is unaware of any significant judicial decisions during 2014–15 that have affected, or may affect it in its capacity as Trustee of the STC Schemes or affect the users of the STC Schemes in their capacity as members of a public sector superannuation scheme.

Consumer response – disputes and appeals

The superannuation schemes administered by STC provide members with a two-stage system of review of any decision made by a delegate of STC that they wish to dispute. The first stage is the STC Member Services Committee and the second stage is an appeal to the Industrial Court of NSW.

At 30 June 2014, a total of 25 disputes were current. During the year ending 30 June 2015, 46 new disputes were lodged and 51 disputes were concluded (including disputes carried over from the previous year). The majority of disputes concern applications and amendments to Certificates of Incapacity from the PSS Scheme, both from exiting and former members of the NSW Police Service. A large number of disputes also involve applications for Total and Permanent Invalidity benefits from the SASS Scheme.

Disputes on hand	25
Disputes lodged in 2014–15	46
Disputes determined in 2014–15	
Confirmation of STC's delegates decision	13
Set aside delegates decision and new decision made	14
Settled	0
Disputes withdrawn or discontinued in 2014–15	24
Disputes on hand at 30 June 2015	20

Appeals to the Industrial Court from the STC Disputes Committee determinations resulted as follows:

Decided in favour of STC	5
Decided in favour of the member/beneficiaries	0
Withdrawn or discontinued	3
Settled	0
Outstanding at the end of the reporting year	5

District Court/Supreme Court

The Police Superannuation Scheme provides for appeals in respect to 'hurt on duty' related matters to the District Court of NSW from decisions of:

- the Police Superannuation Advisory Committee (PSAC), as the delegate of STC on entitlements to pension increases
- Allianz Insurance Australia Limited, as the delegate of STC on entitlements to lump sum payments for duty-related permanent impairments.

During the financial year 2014–15, these appeals resulted as follows:

	PSAC	Allianz
Decided in favour of STC	8	0
Decided in favour of the member/beneficiaries	3	0
Withdrawn or discontinued	3	1
Settled	24	0
Outstanding at the end of the reporting year	46	4

Government Information (Public Access) Act 2009 NSW

Program for the release of information

Under the *Government Information (Public Access) Act 2009* (GIPA Act), STC must review, at least annually, its program for the release of information that should be made publicly available in the public interest without imposing unreasonable additional costs on STC. The information that has been released on the website at **www.statesuper.nsw.gov.au/corporate-governance/access-to-information-gipa** is reviewed and updated on a regular basis.

Total number of access applications received by STC

During 2014–15, STC did not receive any applications under the GIPA Act. Requests in regards to member records were handled on behalf of STC by the Fund administrator, Pillar Administration (Pillar). Statistical information in regards to member's records under the GIPA Act is contained in Pillar's Annual Report.

Applications refused under Schedule 1 of the GIPA Act

STC must report the total number of access applications it refused from those received during the reporting year. These refusals are either whole or partial, on the basis that the application related to the disclosure of information referred to in Schedule 1 of the GIPA Act (information for which there is a conclusive presumption of overriding public interest against disclosure). During 2014–15, STC has not refused any applications as there were no applications received in the reporting period.

Table A: Number of applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused	Information not held	Information already available	Refusal to deal with application	Refusal to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Member of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not-for-profit organisation or community group	0	0	0	0	0	0	0	0
Member of the public (application by legal representative)	0	0	0	0	0	0	0	0
Member of the public (other)	0	0	0	0	0	0	0	0

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused	Information not held	Information already available	Refusal to deal with application	Refusal to confirm/deny whether information is held	Application withdrawn
Personal information application*	0	0	0	0	0	0	0	0
Access application (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information and partly other	0	0	0	0	0	0	0	0

* A *personal information application* is an access application for personal information (as defined in clause 4 of Schedule 4 to the GIPA Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the GIPA Act)	0
Application is for excluded information of the agency (section 43 of the GIPA Act)	0
Application contravenes restraint order (section 110 of the GIPA Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure – matters listed in Schedule 1 of the GIPA Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure – matters listed in table to section 14 of the GIPA Act

	Number of occasions when application was not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0

Table G: Number of applications reviewed under Part 5 of the GIPA Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	**0**
Review by Information Commissioner*	0	0	**0**
Internal review following recommendation under section 93 of the Act	0	0	**0**
Review by ADT	0	0	**0**
Total	**0**	**0**	**0**

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the GIPA Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Scheme legislation changes

Scheme: State Authorities Non-contributory Superannuation Scheme

Effective Date	Principal Act or regulation	Amending Act or regulation	Section or clause	Description
19 Dec 2014	State Authorities Non-contributory Superannuation 1987	State Authorities Non-contributory Superannuation Amendment Act 2013	Sections 10C, Amendments to various sections in Parts 3, 4 and 4A	To amend the employer contribution arrangements effective from the financial year commencing 1 July 2014
19 Dec 2014	State Authorities Non-contributory Superannuation Regulation 2010	State Authorities Non-contributory Superannuation Amendment (section 16A Employer Contributions) Regulation 2014	20A	To amend the employer contribution arrangements effective from the financial year commencing 1 July 2014

Human resource management

Following the proclamation of the *Public Sector Employment Legislation Amendment Act 2006* (NSW), all STC Executive staff, with the exception of the Chief Executive Officer, are employed by the SAS Trustee Corporation Staff Agency (Agency) a Government Service of NSW. The Chief Executive Officer's contract for employment is with STC; however, all salary administration is conducted through the Agency. The administration of payroll and human resource services is provided by Pillar Administration.

Salary movement

Salaries for contract staff are reviewed annually as part of a remuneration review process. Award staff salary movement during the year was consistent with the Crown Employees (SAS Trustee Corporation) Award 2010. Salary movement for all contract staff during the year was in line with NSW Government Wages Policy.

Employee remuneration levels

The table below shows remuneration levels and number of staff by gender and by salary band as at 30 June 2015.

Salary range	2012			2013			2014			2015		
	Men	Women	Total staff	Men	Women	Total staff	Men	Women	Total staff	Men	Women	Total staff
< $39,670	0	0	0	0	0	0	0	0	0	0	0	0
$39,670 – $52,103	0	0	0	0	0	0	0	0	0	0	0	0
$52,104 – $58,248	0	0	0	0	0	0	0	0	0	0	0	0
$58,249 – $73,708	2	1	3	1	0	1	0	0	0	1	1	2
$73,709 – $95,318	2	3	5	2	3	5	3	2	5	1	3	4
$95,319 – $119,149	0	2	2	1	4	5	3	6	9	2	3	5
> $119,149	8	7	15	12	10	22	16	16	32	11	13	24
Totals	**12**	**13**	**25**	**16**	**17**	**33**	**22**	**24**	**46**	**15**	**20**	**35**
	48%	**52%**		**48%**	**52%**		**48%**	**52%**		**43%**	**57%**	

Executive remuneration levels

The table below shows remuneration levels and number of senior executive staff by salary band and gender as at 30 June 2015. 19.6% of STC's employee related expenditure in 2015 was related to senior executives, compared with 18% in 2014.

Band* and salary range	2014				2015			
	Men	Women	Total	Average Remuneration	Men	Women	Total	Average Remuneration
Band 4 (Secretary) $422,501 – $488,100	0	0	0	N/A	0	0	0	N/A
Band 3 (Deputy Secretary) $299,751 – $422,500	1	1	2	$397,500	0	3	3	$390,000
Band 2 (Executive Director) $238,301 – $299,750	0	0	0	N/A	0	2	2	$250,000
Band 1 (Director) $167,100 – $238,300	1	2	3	$218,083	0	0	0	N/A
	2	**3**	**5**		**0**	**5**	**5**	

* STC does not use senior executive bands and as such senior executives have been included in the band that includes their remuneration package.

Industrial relations

The Public Service Association of New South Wales provided industrial coverage for staff of the Executive. No time was lost during 2014–15 through industrial action.

The *Government Sector Employment Act 2013* (GSE Act) applies to workforce management in the public sector and replaces the *Public Sector Employment and Management Act 2002* (PSEM Act). However, STC has been granted an exemption from the *GSE Act* until 1 January 2016 at which time a decision will be made as to whether it will apply. Until then the *PSEM Act* continues to apply to STC.

Training and development

STC recognises the need for the ongoing development of staff and has in place an online continuing professional development program that is available to all staff. In addition, staff may attend training designed by external providers where appropriate; and can keep up to date with changes in the superannuation industry by attending seminars, short courses and conferences.

Disability Inclusion Action Plan

STC has developed a Disability Inclusion Action Plan as part of a whole-of-government disability framework. The administrator of the STC Schemes, Pillar Administration, also has a Plan which covers the Fund's members.

STC ensures that clients with disabilities can access facilities, including requiring the Fund's property manager to provide building access for people with disabilities. STC also ensures that people with disabilities are considered for employment and are given training and development opportunities to suit their needs.

STC last reviewed its Disability Inclusion Action Plan in the third quarter of the 2015 calendar year and are considering how the STC plan will support the State Disability Inclusion Plan.

Multicultural policies and services plan

STC is committed to the principles outlined in the *Community Relations Commission and Principles of Multiculturalism Act 2000 (NSW)* and the NSW Government's Community Relations Plan of Action 2012. STC ensures that delivery of services by the Trustee to members of the STC Schemes responds to the culturally and linguistically diverse groups of members and their special needs.

STC has developed a Multicultural Policies and Services Plan for the purpose of addressing the needs of the Schemes' culturally diverse membership, and aims to improve STC's management and delivery of services.

An ongoing strategy is to arrange, at a member's request, for any scheme communication material to be translated by accredited interpreters into languages other than English at no cost to members. Interpreter services may also be provided for members where English is not their first language. During the year, STC received no requests for interpreter services or for any member communication materials to be translated into another language.

To ensure members have the opportunity to access the services offered by STC, consideration is given to a member's location within NSW when developing a communication strategy for the coming year.

Member education seminars are conducted within the Sydney metropolitan area, as well as regional areas. The Trustee aims to reach a wider range of members by adopting this strategy as it is recognised that not all members can travel to receive these services.

In addition, STC promotes the employment of a culturally and linguistically diverse workforce. The Code of Conduct and Ethics, signed annually by all employees, reinforces this commitment.

Budgets

STC budget for the years ended 30 June 2015 and 2016

	Performa budget FY 2016 $'000	Budget FY 2015 $'000	Actual FY 2015 $'000
Income (reimbursement)			
Income (reimbursement)	61,288	56,488	46,460
Crown Contribution for Fund Amalgamation	1,000	5,000	6,074
Total income (reimbursements)	**62,288**	**61,488**	**52,534**
Expenditure			
Scheme Administration expenses	**28,690**	**28,210**	**26,215**
Executive and Board			
Trustee expenses	1,091	1,091	576
Staff related costs	7,732	7,300	6,372
Accommodation/Premises costs	970	1,052	927
Other administration expenses	6,901	6,620	4,970
Regulatory, governance and process improvement initiatives	15,904	12,215	7,400
Fund Amalgamation Project expenses	1,000	5,000	6,074
Total Executive and Board expenses	**33,598**	**33,278**	**26,319**
Total expenditure	**62,288**	**61,488**	**52,534**

Expenditure disclosure information

Overseas visits

The below table outlines overseas visits made by employees and officers of STC during the 2014–15 financial year. The purpose of these visits related to the achievement of STC's 2014–15 objectives including meeting investment return objectives and managing outsourced contracts.

Name	Date of travel	Destination
John Livanas	4–12 Sep 2014	US
Anna Lowe	4–12 Sep 2014	US
George Venardos	4–12 Sep 2014	US
Lianne Buck	7–17 Oct 2014	Europe
Lisbeth Rasmussen	5-11 Nov 2014	Europe

Land disposal

Address details	Purchaser	Settlement date	Contract price
Capalaba Central Shopping Centre 38-62 Moreton Bay Road, Capalaba Queensland	Shayher Group	30 June 2015	$148,500,000
66 Glendenning Road, Glendenning New South Wales	Investec Australia Property Fund	30 April 2015	$19,100,000

Payments to consultants

Fees equal to or exceeding $50,000

Area	Project	Consultant	$ Total cost
Pooled Fund			
Investments	Corporate Advisory for the notional reallocation of assets	KPMG Superannuation Services Pty Ltd	$481,868.26
Total			**$481,868.26**
STC			
Finance	STC crediting rate advice	Russell Investment Management Ltd	$62,788.00
CEO	Advice on Strategic Plan	Deloitte Actuaries & Consultants Ltd	$58,069.00
CEO	Advice on IT Strategy	Deloitte Touché Tohmatsu	$68,475.00
Member Services	Corporate Advisory for Contact Centre Feasibility Study	KPMG Superannuation Services Pty Ltd	$198,634.56
Total			**$387,966.56**
Amalgamation Project			
CEO	Corporate Advisory for Funds Amalgamation	KPMG Superannuation Services Pty Ltd	$4,203,495.51
Total			**$4,203,495.51**

Account payment performance

Accounts paid on time within each quarter

Quarter	Total accounts paid on time			Total amount paid
	Target %	Actual %	$	$
Sep 2014	100%	100%	$11,334,945	$11,334,945
Dec 2014	100%	100%	$10,931,706	$10,931,706
Mar 2015	100%	100%	$11,124,465	$11,124,465
Jun 2015	100%	100%	$17,150,925	$17,150,925
Total				**$50,542,041**

Credit card certification

STC's policy for the use of corporate credit cards by Executive staff is in accordance with the Premier's memorandum 99–05 and the Treasurer's Directions 205.01 to 08. No irregularities in the use of corporate credit cards were recorded during the year.

Annual report production details

The production of this report including writing, editing, typesetting and printing was undertaken internally and as such no costs were incurred. This report is available online at **www.statesuper.nsw.gov.au** in PDF format. Hard copies can be provided upon request.

Digital information and security policy attestation

I, John Livanas of STC, am of the opinion that STC had an Information Security Management System in place during the financial year being reported on consistent with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I, John Livanas of STC, am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of STC are adequate for the foreseeable future.

I, John Livanas of STC, am of the opinion that all Public Sector Agencies, or part thereof, under the control of STC with a risk profile sufficient to warrant an independent Information Security Management System have developed an Information Security Management System in accordance with the Core Requirements of the Digital Information Security Policy for the NSW Public Sector.

I, John Livanas of STC, am of the opinion that, where necessary in accordance with the Digital Information Security Policy for the NSW Public Sector, certified compliance with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements had been maintained by all or part of STC and all or part of any Public Sector Agencies under its control.

Controlled entities

STC has one controlled entity – SAS Trustee Corporate Staff Agency. The principal activity and objective of SAS Trustee Corporate Staff Agency is to provide personnel services to STC and the SAS Trustee Corporation Pooled Fund. The audited financial report of SAS Trustee Corporate Staff Agency is included in this report.

Part E
Five year membership and financial statistical tables

Five years at a glance – to 30 June 2015

Member statistics	2011	2012	2013	2014	2015
Active members – SASS	41,264	38,224	34,978	31,548	28,669
Active members – SSS	15,689	13,420	11,060	8,902	7,114
Active members – PSS	1,889	1,673	1,532	1,388	1,281
Total active members	**58,842**	**53,317**	**47,570**	**41,838**	**37,064**
Deferred benefit members – SASS	10,503	10,530	10,540	10,478	10,358
Deferred benefit members – SSS	3,022	2,749	2,490	2,274	2,047
Deferred benefit members – PSS	166	141	128	120	114
Total deferred benefit members	**13,691**	**13,420**	**13,158**	**12,872**	**12,519**
Pension members – SASS	3,953	3,869	3,894	4,037	4,156
Pension members – SSS	47,506	49,048	50,840	52,317	53,452
Pension members – PSS	6,434	6,521	6,517	6,551	6,550
Total pension members	**57,893**	**59,438**	**61,251**	**62,905**	**64,158**

Gender ratios – active members	2011	2012	2013	2014	2015
Females – SASS	52%	51%	51%	51%	51%
Males – SASS	48%	49%	49%	49%	49%
Females – SSS	34%	34%	34%	35%	36%
Males – SSS	66%	66%	66%	65%	64%
Females – PSS	12%	12%	12%	12%	12%
Males – PSS	88%	88%	88%	88%	88%

Contributions – $ million	2011	2012	2013	2014	2015
Employer contributions	165	139	155	165	217
Employee contributions	522	504	456	409	366
Crown contributions	1,330	6,005	1,280	1,236	1,264
Total contributions	**2,017**	**6,648**	**1,891**	**1,810**	**1,847**
Benefits paid – $ millions	3,384	3,689	4,051	4,456	4,436
Net contributions – $ millions	-1,367	2,959	-3,840	-2,646	-2,589
Investment revenue – $ millions	2,925	-37	6,166	4,822	4,499

Assets/liabilities	2011	2012	2013	2014	2015
Accrued benefits – SASS	13,090	13,184	13,653	14,232	14,521
Net assets to pay benefits	9,102	10,128	11,302	12,063	12,719
Over (under) funding – SASS	**-3,988**	**-3,056**	**-2,351**	**-2,170**	**-1,802**
Accrued benefits – SSS	29,905	30,843	31,652	32,177	32,618
Net assets to pay benefits	18,758	18,910	20,911	21,876	22,686
Over (under) funding – SSS	**-11,147**	**-11,933**	**-10,741**	**-10,301**	**-9,932**
Accrued benefits – PSS	6,483	6,661	6,852	7,010	7,034
Net assets to pay benefits	3,046	3,645	4,179	4,399	4,591
Over (under) funding – PSS	**-3,437**	**-3,016**	**-2,673**	**-2,611**	**-2,443**
Accrued benefits – SANCS	2,700	2,674	2,527	2,485	2,382
Net assets to pay benefits	1,274	1,669	1,818	1,911	1,991
Over (under) funding – SANCS	**-1,426**	**-1,005**	**-709**	**-574**	**-391**
Total accrued benefits	52,178	53,362	54,684	55,904	56,555
Total net assets to pay benefits	32,180	34,352	38,209	40,248	41,987
Over (under) funding – Total	**-19,998**	**-19,010**	**-16,475**	**-15,656**	**-14,568**

Employers are required by AASB119 Employee Benefits to report accrued benefits using a risk-free discount rate. This rate differs from the assumed earning rate used by the Fund actuary to calculate the accrued benefits set out in the above table. The risk-free rate results in a higher estimate of accrued benefits.

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Part F
Triennial Actuarial Valuation Report

The triennial actuarial valuation of the Pooled Fund and each of the individual schemes at 30 June 2012 was carried out by Martin Stevenson, FIA, FIAA of Mercer (Australia) Pty Ltd. A summary of this valuation is provided. A full version of the Actuarial Valuation Report is available on the State Super website, **www.statesuper.nsw.gov.au.**

Triennial Actuarial Valuation

Introduction

As requested by the SAS Trustee Corporation (the Corporation) I have carried out an actuarial valuation of the following schemes as at 30 June 2012 in accordance with the relevant legislation governing each of the schemes:

- the State Authorities Superannuation Scheme (SASS)
- the State Authorities Non-contributory Superannuation Scheme (SANCS)
- the State Superannuation Scheme (SSS)
- the Police Superannuation Scheme (PSS).

The previous actuarial investigation of SASS, SANCS, SSS and PSS was carried out by myself as at 30 June 2009 and the results were set out in a report dated December 2009.

This report conforms to the requirements of Professional Standard 400 of the Institute of Actuaries of Australia (PS 400).

In accordance with legislation, distinctions are made between groups of employers as set out in the following table.

Scheme	Employers
SASS	Employers are separated into Parts 1 and 3 in accordance with legislation. Part 1 includes the Crown and other employers, Part 3 includes hospitals and other bodies. Refer Section 6 Volume II for a full listing of the employers.
SANCS	Employers are subdivided in the same manner as SASS above.
SSS	Employers under SSS are essentially equivalent to Part 1 employers under SASS.
PSS	No subdivision necessary.

The number of contributors and pensioners in each of the schemes at the current and previous investigation dates is set out below:

Contributors	SASS	SANCS	SSS	PSS	Total
30 June 2012	38,004	53,064	13,405	1,666	106,139
30 June 2009	46,741	68,979	19,903	2,352	137,975

Pensioners	SASS	SANCS	SSS	PSS	Total
30 June 2012	3,888	n/a	49,068	6,522	59,478
30 June 2009	4,099	n/a	44,516	6,190	54,805

The Pooled Fund assets at 30 June 2012 totalled $34,351.9 million compared to $28,847.7 million at the last valuation. The assets were allocated to each scheme as follows.

Assets ($ millions)	SASS	SANCS	SSS	PSS	Total
30 June 2012	10,128	1,669	18,910	3,645	34,352
30 June 2009	7,854	1,030	17,214	2,750	28,848

The asset levels of all schemes have increased significantly over the three years to 30 June 2012. This reflects large Crown Contributions received in 2011–2012.

The employer reserves as at 30 June 2012 in respect of each scheme are as follows.

$millions	SASS	SANCS	SSS	PSS	Total
Assets	10,128	1,669	18,910	3,645	34,352
Less, – member reserves (including co-contributions and SASS and SANCS deferreds) – death/disability reserves	5,578 1	346 –	3,000 –	296 –	9,220 1
Adjustments	1	50	13	3	67
Employer reserve	4,550	1,373	15,923	3,352	25,198

The adjustments noted above represent differences between the employer records (which are required for subdivision by scheme, part and employer) and the accounts.

For all schemes the key long-term economic assumptions for the funding valuation are as follows.

Long-term assumptions	This valuation % per annum	Last valuation % per annum
Rate of investment return/discount rate	8.3% for pensioners 7.3% for members	8.3% for pensioners 7.3% for members
Rate of general salary escalation	4.0%	4.0%
Rate of increase in CPI	2.5%	2.5%

The rate of investment return assumption is higher for pensioners because no tax is payable in respect of assets backing current pension liabilities. Note that the higher investment return assumption applies for all pensioners, not just current pensioners.

The following special short-term assumptions have been adopted for the 6 years following 30 June 2012, with the long-term assumption applying thereafter:

SASS, SANCS and SSS: 2.7% per annum for 6 years

PSS: 3.5% per annum for 6 years

There were no short-term assumptions for the 2009 investigation.

Triennial Actuarial Valuation (continued)

A comprehensive analysis was carried out in respect of all demographic assumptions used in the investigations of the Pooled Fund schemes. The analysis related mainly to the three years, 1 July 2008 to 30 June 2011.

This analysis led to changes in relation to the rates of mortality (both contributor and pensioner), hurt on duty disability, retirement and early retirement, proportions married and proportions choosing lump sums or pensions on retirement.

Short term redundancies were also assumed to reflect retrenchments in the public sector foreshadowed by the NSW Government. The rates adopted for the 4 years following 30 June 2012 were as specified by NSW Treasury and used for the latest Crown Financial Statements.

Changes in contributor decrements and deferral of retirement in SASS and SANCS and reduced hurt on duty disability rates in respect of the PSS have provided only a small offset to the effect of improvements in pensioner mortality, the assumed rate of people taking pensions, proportions married and short term redundancies, with the result that the demographic basis changes have produced a strengthening of the basis and hence a source of deficiency to the schemes overall.

Results

The unfunded liability for the Pooled Fund has reduced from $19,871.2 million to $18,978.8 million over the three years to 30 June 2012.

The unfunded liabilities of each of the schemes or sub-divisions within schemes are as follows.

$ millions	SASS	SANCS	SSS	PSS	Total
Employer-accrued benefits					
• contributors	6,893.6	2,202.5	4,711.4	1,314.9	15,122.4
• deferred members	–	–	503.0	17.9	520.9
• pensioners	665.9	–	22,802.1	5,065.4	28,533.4
Total employer-accrued liability	7,559.5	2,202.5	28,016.5	6,398.2	44,176.7
Less					
Employer reserve account	4,550.2	1,373.3	15,922.7	3,351.7	25,197.9
Employer unfunded liability as at 30 June 2012	3,009.3	829.2	12,093.8	3,046.5	18,978.9
Employer unfunded liability as at 30 June 2009	4,020.1	1,531.7	10,742.7	3,576.6	19,871.2

The employer unfunded liabilities shown above have not been grossed up for contributions tax.

Employer contributions towards meeting unfunded liabilities must be grossed up to allow for tax on contributions. Wherever employer contribution rates have been calculated in this report, the contribution rates have been grossed up accordingly.

Sensitivity runs were carried out, and the results are set out in the following table.

Unfunded liability under varying assumptions ($ million)					
Basis	**SASS**	**SANCS**	**SSS**	**PSS**	**Total**
Standard	3,009.3	829.2	12,093.8	3,046.5	18,978.8
Investment return plus 1%	2,551.5	711.0	9,317.8	2,359.4	14,939.7
Investment return minus 1%	3,532.6	961.3	15,403.2	3,883.6	23,780.8
Salary increases plus 1%	3,404.0	961.6	12,260.2	3,120.1	19,745.9
Salary increases minus 1%	2,649.2	708.9	11,935.3	2,977.1	18,270.6
CPI increases plus 1%	3,137.8	829.2	15,405.1	3,849.1	23,221.2
CPI increases minus 1%	2,898.8	829.2	9,280.7	2,377.1	15,385.8
Pensioner mortality higher*	3,003.6	829.2	11,860.7	2,997.6	18,691.1
Pensioner mortality lower**	3,021.4	829.2	12,176.3	3,063.3	19,090.3

*Decreasing the rate of mortality improvements by applying the 100 year mortality improvement trend from the Australian Life Tables 2005-07 from 1 July 2011, rather than applying the 25 year mortality trend (faster) for seven years and the 100 year mortality trend (slower) thereafter results in higher pensioner mortality.

**Increasing the rate of mortality improvement by extending the application of the 25 year mortality trend (faster) to cover the period 1 July 2011 to 30 June 2021 (10 years), rather than over seven years. The 100 year mortality improvement trend (slower) is applied thereafter. This results in lower pensioner mortality.

The above table demonstrates that the rate of investment return has the major impact on the financial condition of the Pooled Fund. The table also shows that a worsening of an economic parameter by 1% per annum has a greater dollar effect than a favourable change of 1% per annum.

Triennial Actuarial Valuation (continued)

Major items contributing to current results

The major items of surplus and deficiency which have affected the schemes over the period since the last actuarial investigation are as follows.

Item	Comment		Amount of deficiency/surplus (–) $ billions
Unfunded liability as at 1 July 2009			19.9
Investment earnings	Investment earnings of the Pooled Fund were somewhat lower than assumed and this resulted in an item of deficiency.		1.0
Contributions	Contributions to the Crown funded employer reserves exceeded accruals over the period, resulting in an overall surplus.		-7.0
Change of actuarial basis	Pensioner assumptions	0.6	
	Lower commutation	0.3	
	PSS higher disability	-0.1	
	Short-term redundancies	0.2	
	Short-term salary increase rate	-0.7	
	Other net effects	-0.1	
	The overall impact of the changes in the valuation basis was an item of deficiency.		0.2
Impact of disability experience in PSS	The impact of the lower actual than expected disabilities in the PSS was an item of surplus.		-0.1
Other exits	Generally fewer other exits and lower commutation rates were compensating surpluses and deficiencies over the Fund.		0.0
Salary increases	Higher than expected salary increases led to a deficiency.		0.1
CPI increases	Higher than anticipated CPI increases led to a deficiency.		0.1
Interest on the previous unfunded liability	Interest on the previous unfunded liability at 1 July 2009 resulted in a deficiency.		4.8
Other	(Less than $0.1 billion)		0.0
Unfunded liability as at 30 June 2012			19.0

The major items of surplus were higher contributions overall than benefit accruals and lower than expected PSS disability; while the change in the actuarial basis, investment earnings being lower than anticipated, interest on the opening unfunded liability and higher than anticipated salary and CPI increases were the major items of deficiency.

Funding plans

The financial positions as at 30 June 2012 of the main funding groups are set out below.

	Present value of employer financed past service benefits $ million	Value of assets $ million	Unfunded liability $ million
General government sector	36,703	20,670	16,033
Universities	3,514	1,142	2,372
PTEs and others	3,959	3,385	574
Total	**44,177**	**25,198**	**18,979**

This compares with the position as at 30 June 2009:

	Present value of employer financed past service benefits $ million	Value of assets $ million	Unfunded liability $ million
General government sector	32,460	14,688	17,772
Universities	3,285	1,434	1,851
PTEs and others	3,839	3,591	248
Total	**39,584**	**19,713**	**19,871**

General government sector

The 2012–13 Budget Statement included the comment “Funding arrangements are reviewed every three years following the release of the triennial actuarial review, and will be reviewed following completion of the current triennial review in December 2012.”

The Non-Crown General Government sector employers are assumed to continue to contribute at recent levels of contributions as a percentage of salaries of members. The contributions for the Crown are determined to fully fund the General Government sector by 30 June 2030.

The current funding plan for the General Government sector is to determine the contributions which, when increased at 5% per annum, will fully fund the sector by 30 June 2030. This is an appropriate strategy. At the present time this funding strategy results in relatively stable contributions from year to year, but in the years close to 2030 there is the potential for significant variation in the contribution level unless the investment strategy has relatively low volatility.

It is recommended that the Government’s review of the funding arrangements incorporate the demographic assumptions adopted in this report.

Triennial Actuarial Valuation (continued)

Universities

The combined deficit of the sub-funds relating to universities on the funding basis is $2.4 billion. On the current level of contributions individual university sub-funds are expected to exhaust their employer reserves over the period 2014–15 to 2021-22. That is, the funding position of the Universities needs to be resolved by 2014–15; otherwise at least one of the University sub funds will not be able to meet benefit payments. It is noted that the first instance of sub fund depletion is expected to occur before the effective date of the next actuarial triennial investigation.

Legal advice obtained by the Trustee states that the Trustee cannot pay benefits once a university employer sub-fund is exhausted. That is, other Pooled Fund assets are not available for a university employer sub-fund in deficit.

Since March 2012, senior Government officials from NSW and the Commonwealth have been actively considering the funding position of the NSW Universities in the Pooled Fund. The Australian Government Actuary, and myself, are actively working with Government officials on this issue. The respective Governments have made a commitment to resolve the matter as soon as possible.

It is expected that the university sub-funds will be jointly funded by the NSW Government, the Commonwealth and the Universities themselves. Without knowledge of the details, it is not appropriate to comment on the possible outcome of the final funding arrangements.

However in principle, my contribution recommendations for the purposes of this report are:

- where funding is the responsibility of the Universities, then contributions should be at least at the level required if the superannuation arrangements were regulated by the Australian Prudential Regulation Authority (APRA).
- where funding is the responsibility of the NSW Government / Commonwealth, the contribution strategy must be evidenced in writing to the Trustee, and must be at least of the level of “pay as you go” funding.

Public Trading Enterprises and other employers

As a group, Public Trading Enterprises (PTEs) and other employers have a deficiency on the funding basis of $0.6 billion. Recommended individual funding plans for each employer are set out in another section of my report.

It is further recommended that:

- those employers that are not State backed be identified
- the relevant legislation be altered so that contribution levels for non State backed employers be determined by the Trustee; that is, there is no involvement of NSW Treasury in setting the contributions.
- for non State backed entities the contribution recommendations should be adjusted (where necessary) to at least the level required if the superannuation arrangements were regulated by APRA.

MA Stevenson
Fellow of the Institute of Actuaries of Australia

Part G
Financial Statements of the SAS Trustee Corporation

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the SAS Trustee Corporation (the Trustee), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Trustee and the consolidated entity. The consolidated entity comprises the Trustee and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trustee and the consolidated entity as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

The Board's Responsibility for the Financial Statements

The members of the Board of the Trustee are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Trustee or the consolidated entity
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

A T Whitfield PSM
Acting Auditor-General

30 September 2015
SYDNEY

SAS TRUSTEE CORPORATION

ABN 29 239 066 746

Statement by Members of the Trustee Board
for the year ended 30 June 2015

Pursuant to section 41C of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the Board of the SAS Trustee Corporation, we declare on behalf of the Board that in our opinion:

1. the financial statements present a true and fair view of the financial position of the SAS Trustee Corporation as at 30 June 2015 and transactions for the year then ended, and

2. have been prepared in accordance with the Australian Accounting Standards which includes Australian Accounting interpretations and the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Direction.

Further, we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 30th day of September 2015.

Nicholas Johnson
Chairperson
SAS Trustee Corporation

George Venardos
Board Member and Chairperson of the Risk, Audit and Compliance Committee
SAS Trustee Corporation

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2015

	NOTE	**Economic Entity 2015 $'000**	Economic Entity 2014 $'000	**Statutory Corporation 2015 $'000**	Statutory Corporation 2014 $'000
Continuing Operations					
Operating Revenue	3	**51,367**	41,698	**46,460**	38,724
Crown Contribution for Amalgamation Project	15	**6,074**	-	**6,074**	-
Total Revenue		**57,441**	41,698	**52,534**	38,724
Operating Expenses	3	**(51,308)**	(42,137)	**(46,460)**	(38,724)
Amalgamation Project Expenses	15	**(6,074)**	-	**(6,074)**	-
Total Expenses		**(57,382)**	(42,137)	**(52,534)**	(38,724)
Operating Result		**59**	(439)	-	-
Other Comprehensive Income					
Items that will not be reclassified into Operating Result:					
Superannuation actuarial remeasurement gains/(losses)	10	**(59)**	439	-	-
Total Comprehensive Income		-	-	-	-

The accompanying notes form an integral part of the above Consolidated Statement of Comprehensive Income

Consolidated Statement of Financial Position
as at 30 June 2015

	NOTE	**Economic Entity 2015 $'000**	Economic Entity 2014 $'000	**Statutory Corporation 2015 $'000**	Statutory Corporation 2014 $'000
Current Assets					
Cash and cash equivalents	12(a)	**2,505**	1,021	**2,505**	1,021
Receivables	4	**7,382**	7,780	**7,080**	7,518
Other Current Assets		**319**	515	**319**	515
Total Current Assets		**10,206**	9,316	**9,904**	9,054
Total Assets		**10,206**	9,316	**9,904**	9,054
Current Liabilities					
Payables	5	**6,465**	6,020	**9,904**	9,054
Provisions	6	**3,636**	3,162	**-**	-
Total Current Liabilities		**10,101**	9,182	**9,904**	9,054
Non-Current Liabilities					
Provisions	6	**105**	134	**-**	-
Total Non-current Liabilities		**105**	134	**-**	-
Total Liabilities		**10,206**	9,316	**9,904**	9,054
Net Assets		**-**	-	**-**	-
Accumulated Funds		**-**	-	**-**	-

The accompanying notes form an integral part of the above Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows
for the year ended 30 June 2015

	NOTE	**Economic Entity 2015 $'000**	Economic Entity 2014 $'000	**Statutory Corporation 2015 $'000**	Statutory Corporation 2014 $'000
Cash Flows from Operating Activities					
Receipts from Pooled Fund Schemes		**58,038**	40,008	**53,131**	36,217
Interest Received		**44**	48	**44**	48
Payments to Suppliers and Employees		**(56,598)**	(40,775)	**(51,691)**	(36,984)
Net Operating Cash Flows	12(b)	**1,484**	(719)	**1,484**	(719)
Net Increase/(Decrease) in Cash & Cash Equivalents		**1,484**	(719)	**1,484**	(719)
Cash & Cash Equivalents at the Beginning of the Financial Year		**1,021**	1,740	**1,021**	1,740
Cash & Cash Equivalents at the End of the Financial Year	12(a)	**2,505**	1,021	**2,505**	1,021

The accompanying notes form an integral part of the above Consolidated Statement of Cash Flows

SAS TRUSTEE CORPORATION

Consolidated Statement of Changes in Equity
for the year ended 30 June 2015

	Economic Entity 2015 $'000	Economic Entity 2014 $'000	**Statutory Corporation 2015 $'000**	Statutory Corporation 2014 $'000
Balance at 1 July	-	-	-	-
Operating Result	**59**	(439)	-	-
Other Comprehensive Income				
Superannuation remeasurement actuarial gains/(losses)	(59)	439	-	-
Total Comprehensive income	-	-	-	-
Balance at 30 June	-	-	-	-

The accompanying notes form an integral part of the above Consolidated Statement of Changes in Equity

Notes to the financial statements
for the year ended 30 June 2015

1. OPERATIONS

Under the terms of the *Superannuation Administration Act 1996* (the Act), the SAS Trustee Corporation (STC) holds in trust all assets of the SAS Trustee Corporation Pooled Fund ("the Pooled Fund"). STC is economically dependent on the Pooled Fund. STC is, for the purpose of any Acts, a statutory body. It is domiciled in NSW Australia. Its registered address is Level 16, 83 Clarence Street, Sydney, NSW, 2000.

Scheme administration services for the Pooled Fund are carried out by the Superannuation Administration Corporation trading as Pillar Administration (Pillar). Pillar charges fees for the services it provides. Investment custodial activities for the Pooled Fund are performed by JPMorgan Chase Bank NA.

The Pooled Fund is a separate reporting entity for accounting and taxation purposes.

The Economic Entity comprises –

- The SAS Trustee Corporation Staff Agency ("the STC Staff Agency") (previously called the SAS Trustee Corporation Division of the Government Service of NSW, as the controlled entity, and
- STC as the parent entity of the STC Staff Agency (referred to as the "Statutory Corporation" in the above statements).

The STC Staff Agency provides personnel services to STC and also the Pooled Fund. As it is a controlled entity of STC the STC Economic Entity includes all transactions of the STC Staff Agency, including those transactions which were not with STC. The principles of consolidation for STC and STC Staff Agency are described at note 2(b) below.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance and Basis of Preparation

The financial statements form a general purpose financial report and are prepared in accordance with –

- the *Public Finance and Audit Act 1983*
- the *Public Finance and Audit Regulation 2015*
- the Treasurer's Directions
- applicable Australian Accounting Standards including Australian Accounting Interpretations.

Both the Economic Entity and the Statutory Corporation are not-for-profit entities.

The financial statements have been prepared on an historical cost basis using the accrual method of accounting and do not reflect the changing value of assets other than superannuation balances which are remeasured in accordance with the requirements of AASB 119 *Employee Benefits*. Interest and fee income is accounted for on an accrual basis.

The accounting policies adopted in preparing the financial statements have been consistently applied during the year, unless otherwise stated. All amounts are expressed in Australian dollars.

The financial statements were authorised for issue by the Trustee Board on 30th September 2015.

Notes to the financial statements
for the year ended 30 June 2015

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

a) Statement of Compliance and Basis of Preparation (Continued)

The accounting policies adopted in preparing the financial statements are consistently applied, including considering new or amended accounting standards which became operational on 1 July 2014.

b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Statutory Corporation and its controlled entity, the STC Staff Agency, as at 30 June and the results of the Statutory Corporation and its controlled entity for the year then ended.

The Statutory Corporation and its controlled entity is referred to in these financial statements as the "Economic Entity". The effects of all transactions within the Economic Entity are eliminated in full. There are no outside equity interests.

The STC Staff Agency also prepares separate financial statements. These financial statements are audited by the Auditor-General of NSW.

c) Administration Expenses and Revenue

All costs relating to scheme administration and executive management of the Pooled Fund are incurred by the Statutory Corporation and comprise the direct expenses of the Statutory Corporation and administration fees from Pillar.

Under the terms of the Act, the Statutory Corporation must recover the costs it incurs from the Pooled Fund. Consequently it recognises an amount equal to the costs incurred at the time the services are delivered.

Lease expenses are recognised on a straight line basis over the lease term, including incentives and contingent rentals.

d) Employee Benefits

Wages, salaries and annual leave

The provision for employee benefits relating to wages, salaries and annual leave represents the amount which the Economic Entity has as a present obligation to pay resulting from employees' services provided up to the balance date. These provisions are expected to be settled within 12 months and are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. Such measurement provides a reliable estimate of the liability. All amounts include the salary of STC's Chief Executive Officer, whose contract is direct with STC.

Long service leave

The liability for employee benefits relating to long service leave is measured at their discounted value using the risk free rate mandated by NSW Treasury. Such measurement provides a reliable estimate of the liability.

Notes to the financial statements
for the year ended 30 June 2015

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

d) Employee Benefits (Continued)

Superannuation

Any unfunded superannuation liability is recognised as a liability in the Statement of Financial Position and amounts representing pre-paid superannuation contributions are recognised as an asset. For the years ended 30 June 2015 and 30 June 2014, the Economic Entity met in full the total superannuation liabilities for its employees. The contributions made to superannuation funds are charged against the operating result. Any actuarial gains and losses are recognised in comprehensive income in the year in which the gain or loss occurs.

e) Roundings

All values reported in the financial statements have been rounded to the nearest thousand dollars, except where otherwise stated.

f) Cash Flows

Under current funding arrangements all cash payments to external parties with the exception of investment management and custody fees incurred on behalf of the Statutory Corporation are transacted through the Statutory Corporation's bank account and recovered from the Pooled Fund. Investment management and custody fees are disbursed directly by the Custodian from the Fund's pool of assets.

All transactions of the STC Staff Agency are conducted through the Statutory Corporation's bank account.

g) Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities. The instruments include cash at bank, receivables and payables. All classes of instruments are initially recorded at cost and with receivables and payables being subsequently carried at amortised cost. As such, inputs for valuing the receivables and payables are not based on observable market data. Such measurement provides a reliable estimate of the instrument. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

Notes to the financial statements
for the year ended 30 June 2015

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

h) New accounting standards and interpretations

AASB 10 *Consolidated Financial Statements,* AASB2013-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1049]* –
The objective of AASB 10 is to establish principles for the preparation and appearance of the consolidated financial statements. The standard explains how to apply the principle of control to determine as to whether an investor controls an investee and therefore must consolidate the investee. The standard has been implemented for the year ended 30 June 2015.

Under this new standard STC is considered a controlled entity of the State of NSW. However, STC has been granted an exemption from the Financial Reporting Code (TPP 15-01) for the 2014-2015 financial year. There was no material change to these financial statements.

AASB 12 *Disclosure of Interests in Other Entities* –
The standard has been implemented for the year ended 30 June 2015. There was no resulting material change to these financial statements.

AASB 2012-3 – Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities -
Where offsetting has occurred or offsetting is legally available but has not occurred, additional disclosure has been made.

AASB 1031 Materiality –
The standard was implemented for the year ended 30 June 2015. There was no material change to this financial report. STC already applies materiality considerations as currently contained in Accounting Standards.

i) Accounting standards issued applicable but not yet effective

At the date of authorisation of these financial statements the following accounting standards which are expected to be relevant were issued but not yet effective. The impact of these standards and interpretations has been assessed and to the extent applicable are outlined below. Only relevant Standards and Interpretations have been included.

AASB 9 *Financial Instruments* –
The standard will be implemented for the year ended 30 June 2019. No material change to these financial statements is anticipated.

AASB 2015–2 and 2015–3 Amendments to Australian Accounting Standards –
These standard amendments contain several sections each with its own implementation date. No material change to these financial statements is anticipated.

j) Comparative Figures

Where there have been changes in presentation in the current financial year, the comparative figures for the previous year have been adjusted to conform to these changes.

Notes to the financial statements
for the year ended 30 June 2015

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

k) Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty implicit in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future.

l) Materiality

Omissions or misstatements are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of these financial statements. Materiality depends on the size and nature of any omission or misstatement judged in the surrounding circumstances. The size and nature of the item, or a combination of both, could be the determining factor. To this end, the Trustee's general position is that all amounts and disclosures in these financial statements agree to the underlying source information. As stated at Note 2(k) some amounts contain judgements and estimates. In all cases the judgement or estimate has been confirmed to the best available information to ensure these financial statements present fairly all the information disclosed.

Notes to the financial statements
for the year ended 30 June 2015

3. OPERATING RESULT

	Economic Entity 2015 $'000	Economic Entity 2014 $'000	Statutory Corporation 2015 $'000	Statutory Corporation 2014 $'000
The result includes the following items of revenue and expense:				
Management Fees	51,072	41,279	46,165	38,305
Interest Income	44	48	44	48
Other Income	251	371	251	371
Total Revenue	51,367	41,698	46,460	38,724
Trustee Expenses				
Board Member Fees	489	622	489	622
Other Administration Expenses	87	86	87	86
Total Trustee Expenses	576	708	576	708
Executive Expenses				
Employee Related Expenses	10,318	7,448	-	-
Superannuation	902	1,149	-	-
Personnel Services Expenses	-	-	6,372	5,184
Accommodation	927	877	927	877
Other Administration Expenses	2,343	1,146	2,343	1,146
Total Executive Expenses	14,490	10,620	9,642	7,207
Fund Expenses				
Fees for Services	4,671	3,174	4,671	3,174
Other Administration Expenses	5,356	3,652	5,356	3,652
Pillar Administration Fees	26,215	23,983	26,215	23,983
Total Fund Expenses	36,242	30,809	36,242	30,809
Total Operating Expenses	51,308	42,137	46,460	38,724
Result	59	(439)	-	-

Contained within other Administration Expenses are fees paid to consultants of $387,966 (2014: $163,636) and audit fees of $17,050 (2014: $16,500) for the Statutory Corporation and $6,765 (2014: $6,600) for the STC Staff Agency (for both entities, audit of the financial statements and no other services).

Notes to the financial statements
for the year ended 30 June 2015

3. OPERATING RESULT (Continued)

Lease payments made during the year comprised –

	Economic Entity 2015 $'000	Economic Entity 2014 $'000	Statutory Corporation 2015 $'000	Statutory Corporation 2014 $'000
Minimum lease payments	877	648	877	648
Contingent rentals		-		-
	877	648	877	648

The Statutory Corporation uses an operating lease to provide its office space. The lease includes contingent rentals and renewal options and these have been included to the extent the amounts are calculable.

4. RECEIVABLES

	Economic Entity 2015 $'000	Economic Entity 2014 $'000	Statutory Corporation 2015 $'000	Statutory Corporation 2014 $'000
Current				
Amounts Receivable – Pooled Fund	6,135	6,776	6,135	6,776
Other Receivables	945	742	945	742
Superannuation (refer Note 10)				
SASS	82	75	-	-
SANCS	220	187	-	-
	7,382	7,780	7,080	7,518

5. PAYABLES

	Economic Entity 2015 $'000	Economic Entity 2014 $'000	Statutory Corporation 2015 $'000	Statutory Corporation 2014 $'000
Current				
Amount Payable – Pillar (Administration Fees)	2,244	2,077	2,244	2,077
Other Payables	4,221	3,943	4,221	3,943
Amounts Payable – STC Staff Agency	-	-	3,439	3,034
	6,465	6,020	9,904	9,054

All payables are within agreed trading terms.

Notes to the financial statements
for the year ended 30 June 2015

6. PROVISIONS

	Economic Entity 2015 $'000	Economic Entity 2014 $'000	**Statutory Corporation 2015 $'000**	Statutory Corporation 2014 $'000
Current				
Employee Benefits	**1,350**	1,077	-	-
Superannuation (refer Note 10)				
SSS	**2,286**	2,085	-	-
	3,636	3,162	-	-
Non-current				
Employee Benefits	**105**	134	-	-
	105	134	-	-

7. FAIR VALUE

Unless subject to specific measurement requirements of relevant Accounting Standards, all assets and liabilities are measured and reported at fair value. All such receivables are short term and are expected to be settled at the value reported. No payables are past due and all are expected to be settled at the value reported.

Notes to the financial statements
for the year ended 30 June 2015

8. FINANCIAL RISKS

Market Risk

Market risk is the risk that changes in factors such as interest rates will affect revenue or the value of financial instruments. Market risk is accepted on financial instruments. As STC's governing legislation requires it to recover all its costs from the Pooled Fund, a change in market prices will have no effect on STC's result or net assets.

Credit Risk

Credit (or counterparty) risk is the risk that a counterparty will fail to perform contractual obligations to a financial instrument and cause STC to experience a financial loss. In respect of STC's cash holdings, all are lodged with one of Australia's largest trading banks. In respect of STC's receivables, its only counterparty is the Pooled Fund. The Pooled Fund is obliged by its governing legislation to fund STC. STC is exposed to minimal credit risk. STC's maximum credit risk exposure is the balance of the cash and receivables.

Liquidity Risk

Liquidity risk is the risk that financial obligations cannot be met as they fall due. As noted under the section *Credit Risk* above, the Pooled Fund is obliged by its governing legislation to fund STC. STC recovers its costs monthly from the Pooled Fund. Consequently STC is exposed to negligible liquidity risk.

Notes to the financial statements
for the year ended 30 June 2015

9. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION

The following were key management personnel of the STC Economic Entity and STC Statutory Corporation during the year and the comparative period.

Non-executive Trustees
Mr M Carapiet (term completed 31 March 2015)
Mr A Claassens
Mr R Davis (term completed 31 December 2013)
Mr Nicholas Johnson (term commenced 26 June 2015)
Mr M Lambert (term completed 16 June 2015)
Ms K Moses
Mr T O'Grady
Ms R Ramwell (term commenced 26 June 2015)
Mr P Scully
Mr G Venardos
Ms S Walsh (term completed 24 March 2015)

Executive Officers
Ms L Buck (until 15 June 2015)
Mr K Dent (until 11 July 2014)
Mr A Grice (until 10 June 2014)
Ms B Lawn (until 17 April 2015)
Mr J Livanas
Ms A Lowe (from 10 June 2014)
Mr P Laity (until 15 June 2015)
Mr J Murray (until 15 June 2015)
Mr M O'Brien (until 15 June 2015)
Ms M O'Rourke (until 10 June 2014)
Ms L Rasmussen
Ms A Samuel (from 1 June 2015)
Ms N Siratkov (from 12 July 2014)
Ms L Tsitsis
Ms N Wooden (until 22 May 2015)

The key management personnel compensation in relation to services to STC is as follows –

	Economic Entity 2015 $'000	Economic Entity 2014 $'000	**Statutory Corporation 2015 $'000**	Statutory Corporation 2014 $'000
Short-term employee benefits	**4,429**	3,872	-	-
Post-employment benefits	-	-	-	-
Other long term employee benefits	**31**	41	-	-
	4,460	3,913	-	-

Notes to the financial statements
for the year ended 30 June 2015

9. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

Remuneration is shown in bands –

The number of executive officers are shown below in their relevant income bands:

	Economic Entity 2015	Economic Entity 2014	**Statutory Corporation 2015**	Statutory Corporation 2014
Base compensation (including superannuation contributions, termination payments and bonuses) of:				
$0 - $9,999	1	-	-	-
$53,000 - $53,999	1	-	-	-
$150,000 - $159,999	1	-	-	-
$160,000 - $169,999	-	2	-	-
$200,000 - $209,999	-	1	-	-
$210,000 - $219,999	-	2	-	-
$230,000 - $239,999	-	2	-	-
$240,000 - $249,999	1	1	-	-
$250,000 - $259,999	-	2	-	-
$260,000 - $269,999[1]	2	-	-	-
$270,000 - $279,999[1]	1	-	-	-
$280,000 - $289,999[1]	1	-	-	-
$330,000 - $339,999	1	-	-	-
$340,000 - $349,999[1]	1	-	-	-
$400,000 - $409,999	1	-	-	-
$450,000 - $459,999	-	1	-	-
$510,000 - $519,999[1]	1	-	-	-
$620,000 - $629,999	-	1		
$740,000 - $749,999[1]	1	-	-	-
	13	12	-	-

(1) In 2015 the Board determined that total performance and retention bonuses of $585,325 (2014 $125,724) were payable as shown in the bands above.

Notes to the financial statements
for the year ended 30 June 2015

9. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

The number of Board members are shown below in their relevant income bands:

	Economic Entity 2015	Economic Entity 2014	**Statutory Corporation 2015**	Statutory Corporation 2014
Base compensation (including superannuation contributions) of:				
$0 - $39,999	**3**	3	**3**	3
$40,000 - $49,999	**2**	2	**2**	2
$50,000 - $59,999	**-**	-	**-**	-
$60,000 - $69,999	**1**	1	**1**	1
$70,000 - $79,999	**3**	-	**3**	-
$80,000 - $89,999	**1**	1	**1**	1
$90,000- $99,999	**-**	2	**-**	2
$100,000- $109,999	**-**	1	**-**	1
	10	10	**10**	10

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION

The Economic Entity participates in the following closed defined benefit superannuation schemes for some of its staff –

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

The schemes are all defined benefit schemes because as least a component of the final benefit is derived from a multiple of member salary and years of scheme membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the schemes are closed to new members.

Description of the schemes' regulatory framework
The schemes in the Pooled Fund are established and governed by the following NSW legislation and their associated regulations –

- *Superannuation Act 1916*
- *State Authorities Superannuation Act 1987*
- *State Authorities Non-Contributory Superannuation Scheme Act 1987.*

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Statutory Corporation's (in its capacity as Trustee Board) adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012. The results of the next actuarial investigation will be available by December 2015.

Description of other entities' responsibilities for the governance of the fund
The Statutory Corporation (in its capacity as Trustee Board) is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Statutory Corporation (in its capacity as Trustee Board) has the following roles –

- administration of the Fund and payment to the beneficiaries from Fund assets when required in accordance with the Fund rules;
- management and investment of the Fund assets; and
- compliance with other applicable regulations.

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Description of risks

There are a number of risks to which the Fund exposes the Statutory Corporation as a participating employer. The more significant risks relating to the defined benefits are –

- investment risk - The risk that investment returns will be lower than assumed and the participating employer will need to increase contributions to offset this shortfall
- longevity risk – The risk that pensioners live longer than assumed, increasing future pensions
- salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional contributions from the participating employer
- legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

The following information has been prepared by the Scheme actuary.

Reconciliation of the Net Defined Benefit Liability/(Asset)

Economic Entity

As at 30 June 2015	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Net Defined Benefit Liability/(Asset) at start of year	(75)	(187)	2,085
Current service cost	31	5	-
Net interest on the net defined benefit liability/(asset)	(3)	(7)	74
Past service cost	-	-	-
(Gains)/losses arising from settlements	-	-	-
Actual returns on Fund assets less interest income	(71)	(23)	(389)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	15	4	579
Actuarial (gains)/losses arising from liability experience	21	(12)	(63)
Adjustment for effect of asset ceiling	-	-	-
Employer contributions	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	(82)	(220)	2,286

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Reconciliation of the Net Defined Benefit Liability/(Asset) (Continued)

Economic Entity

As at 30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Net Defined Benefit Liability/(Asset) at start of year	(73)	(74)	2,235
Current service cost	29	10	55
Net interest on the net defined benefit liability/(asset)	(3)	(3)	85
Past service cost	-	-	-
(Gains)/losses arising from settlements	-	-	-
Actual returns on Fund assets less interest income	(104)	(26)	114
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	22	5	223
Actuarial (gains)/losses arising from liability experience	54	(99)	(627)
Adjustment for effect of asset ceiling	-	-	-
Employer contributions	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	(75)	(187)	2,085

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets

Economic Entity

As at 30 June 2015	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Fair value of fund assets at beginning of the year	887	277	4,939
Interest income	30	10	171
Actual return on Fund assets less interest income	71	23	389
Employer contributions	-	-	-
Contributions by participants	14	-	-
Benefits paid	-	-	(351)
Taxes, premiums and expenses paid	(1)	7	40
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Fair value of fund assets at end of the year	1,001	317	5,188

Economic Entity

As at 30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Fair value of fund assets at beginning of the year	768	273	4,703
Interest income	28	10	174
Actual return on Fund assets less interest income	105	27	(114)
Employer contributions	-	-	-
Contributions by participants	14	-	22
Benefits paid	(27)	(41)	130
Taxes, premiums and expenses paid	(1)	8	23
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Fair value of fund assets at end of the year	887	277	4,938

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Reconciliation of the Defined Benefit Obligation

Economic Entity

As at 30 June 2015	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Present value of defined benefit obligation at beginning of the year	811	90	7,024
Current service cost	31	5	-
Interest cost	28	3	245
Contributions by participants	14	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	16	4	579
Actuarial (gains)/losses arising from liability experience	21	(12)	(63)
Benefits paid	-	-	(351)
Taxes, premiums and expenses paid	(1)	7	40
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Past service cost	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Present value of defined benefit obligation at end of the year	920	97	7,474

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Reconciliation of the Defined Benefit Obligation (Continued)

Economic Entity

As at 30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Present value of defined benefit obligation at beginning of the year	696	199	6,938
Current service cost	29	10	55
Interest cost	25	7	259
Contributions by participants	14	-	23
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	22	6	223
Actuarial (gains)/losses arising from liability experience	54	(99)	(627)
Benefits paid	(28)	(41)	130
Taxes, premiums and expenses paid	(1)	8	23
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Past service cost	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Present value of defined benefit obligation at end of the year	811	90	7,024

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Reconciliation for the effect of the asset ceiling

Economic Entity

As at 30 June 2015	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Adjustment for effect of asset ceiling at beginning of the year	-	-	-
Change in the effect of asset ceiling	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-

Economic Entity

As at 30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-
Change in the effect of asset ceiling	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Fair value of Fund assets

All the Fund's assets are invested by the Statutory Corporation (in its capacity as Trustee Board) at arm's length through independent fund managers and assets are not separately invested for each participating employer. As such, the following disclosures relate to the Pooled Fund's total assets.

2015

Asset category	Total ($m)	Level 1 ($m)	Level 2 ($m)	Level 3 ($m)
Short term securities	2,641.5	2,443.7	197.8	-
Australian fixed interest	2,655.7	30.9	2,624.8	-
International fixed interest	1,003.9	(0.1)	1,004.0	-
Australian equities	10,407.0	9,961.4	445.5	0.1
International equities	13,010.9	9,963.0	2,040.2	1,007.7
Property	3,317.6	948.2	715.6	1,653.8
Alternatives	7,170.2	622.1	2,266.9	4,281.2
Total	40,206.8	23,969.2	9,294.8	6,942.8

2014

Asset category	Total ($m)	Level 1 ($m)	Level 2 ($m)	Level 3 ($m)
Short term securities	2,452.7	1,572.6	880.1	-
Australian fixed interest	2,365.0	10.9	2,354.1	-
International fixed interest	880.5	-	880.5	-
Australian equities	11,738.5	11,494.6	241.4	2.5
International equities	10,943.6	8,172.7	2,770.8	0.1
Property	3,283.3	894.1	712.5	1,676.7
Alternatives	6,681.1	565.4	2,731.1	3,384.6
Total	38,344.7	22,710.3	10,570.5	5,063.9

Note –

- Level 1 refers to assets and liabilities for which there are quoted prices in active markets for identical assets and liabilities. The assets in this level are listed shares; listed unit trusts.
- Level 2 refers to assets and liabilities that have significant valuation inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets and liabilities in this level are notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.
- Level 3 refers to assets and liabilities that are not based on observable market data. The assets and liabilities in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

The percentage of fund assets invested in each asset class at 30 June

	2015	2014
Short term securities	6%	6%
Australian fixed interest	7%	6%
Overseas fixed interest	2%	2%
Australian equities	26%	31%
International equities	32%	29%
Property	9%	9%
Alternatives	18%	17%
	100%	100%

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

The Fund does not hold any financial instruments issued by STC.

Significant actuarial assumptions as at 30 June

	2015	2014
Discount rate	3.03%	3.57%
Salary increase rate (excluding promotional increases)	2.50%	2.27%
Rate of CPI increase	2.50%	2.50%
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund	as per the 2012 Actuarial Investigation of the Pooled Fund

10. SUPERANNUATION (Continued)

Sensitivity analysis

The total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. Scenarios A to F relate to the sensitivity of the total defined benefit obligation to economic assumptions. Scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1.0% Discount rate	Scenario B +1.0% Discount rate
Discount rate	3.03%	2.03%	4.03%
Salary increase rate	2.50%	2.50%	2.50%
Rate of CPI increase	2.50%	2.50%	2.50%
Defined benefit obligation ($'000)	8,490.5	9,706.4	7,487.5

	Base Case	Scenario C +0.5% Rate of CPI increase	Scenario D -0.5% Rate of CPI increase
Discount rate	3.03%	3.03%	3.03%
Salary increase rate	2.50%	2.50%	2.50%
Rate of CPI increase	2.50%	3.00%	2.00%
Defined benefit obligation ($'000)	8,490.5	9,059.2	7,970.6

	Base Case	Scenario E +0.5% Salary increase rate	Scenario F -0.5% Salary increase rate
Discount rate	3.03%	3.03%	3.03%
Salary increase rate	2.50%	3.00%	2.00%
Rate of CPI increase	2.50%	2.50%	2.50%
Defined benefit obligation ($'000)	8,490.5	8,510.1	8,471.5

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Sensitivity analysis (Continued)

	Base Case	Scenario G -5.0% Pensioner mortality rates	Scenario H +5.0% Pensioner mortality rates
Defined benefit obligation ($'000)	8,490.5	8,391.6	8,595.0

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-liability matching strategies

The Statutory Corporation, in its capacity as trustee of the Fund, ensures it maintains an appropriate asset strategy to pay benefits as the benefits fall due.

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. The next triennial review will take place at the end of 2015. Contribution rates are set after discussion between the Statutory Corporation in its capacity as trustee of the Schemes and NSW Treasury.

The Statutory Corporation in its capacity of trustee of the schemes reviews funding positions annually and contributions may be adjusted in response to the review.

Surplus/deficit

The following is a summary of the 30 June financial position of the schemes calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans.*

Economic Entity

30 June 2015	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Accrued benefits	**847.0**	**109.4**	**4,064.4**
Net market value of fund assets	**(1,001.3)**	**(317.5)**	**(5,187.7)**
Net (surplus)/deficit	**(154.3)**	**(208.1)**	**(1,123.3)**

Economic Entity

30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Accrued benefits	749	100	4,050
Net market value of fund assets	(886)	(277)	(4,939)
Net (surplus)/deficit	(137)	(177)	(889)

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Recommended contribution rates

Economic Entity

As at 30 June 2015	**SASS**	**SANCS**	**SSS**
	Multiple of member contributions	**% member salaries**	**Multiple of member contributions**
	-	-	-

Economic Entity

As at 30 June 2014	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-

Notes to the financial statements
for the year ended 30 June 2015

10. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Economic Assumptions

Weighted average assumptions –

	2012 and following
Expected rate of return on fund assets backing current pension liabilities	**8.3%**
Expected rate of return on fund assets backing other liabilities	**7.3%**
Expected salary increase rate	**2.7% for six years then 4.0% per year**
Expected rate of CPI increase	**2.5%**

Funding arrangements for employer contributions – Nature of asset/liability:

If a surplus exists in the Economic Entity's interest in the fund, the Economic Entity may be able to take advantage of it in the form of a reduction in required contribution rate. The Statutory Corporation in its capacity as the schemes' trustee and NSW Treasury must approve such a reduction.

If a deficiency exists the Economic Entity is responsible for any difference between its share of scheme assets and the defined benefit obligation.

Expected contributions

Economic Entity

Year ended 30 June 2015	**SASS**	**SANCS**	**SSS**
	-	-	-

Economic Entity

Year ended 30 June 2014	SASS	SANCS	SSS
	-	-	-

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 12.4 years.

Notes to the financial statements
for the year ended 30 June 2015

11. RELATED PARTY INFORMATION

a) **Transactions entered into during the year with Key Management Personnel and their Related Entities:**

	2015 $'000	2014 $'000
Fees paid to the Statutory Corporation or relevant Trustee Board Member by State Super Financial Services Australia Limited (SSFSAL), a company in which Mr M Carapiet, Mr A Claassens, Mr R Davis, Mr M Lambert, Mr T O'Grady, Mr P Scully, Mr G Venardos and Ms S Walsh are/were directors, on normal commercial terms and conditions.	**323**	315
Rental payments and outgoings received by the Pooled Fund from SSFSAL on normal commercial terms and conditions.	**2,640**	2,190

b) On 17 March 2006 the NSW Government created the SAS Trustee Corporation Division of the Government Service of NSW, now called the SAS Trustee Corporation Staff Agency. This entity is a special purpose entity providing personnel services to the Statutory Corporation. Its activities are conducted on behalf of the Statutory Corporation according to the Statutory Corporation's specific business needs. Day to day control of this entity is vested in the CEO of the Statutory Corporation.

12. CASH FLOW INFORMATION

a) **Reconciliation of Cash**

	Economic Entity 2015 $'000	Economic Entity 2014 $'000	**Statutory Corporation 2015 $'000**	Statutory Corporation 2014 $'000
Cash and Cash Equivalents	**2,505**	1,021	**2,505**	1,021

Cash flows reflect cash movements resulting from transactions with suppliers and employees including Pillar and the Pooled Fund. Under current funding arrangements all cash payments to external parties on behalf of Economic Entity are recovered from the Pooled Fund.

The Economic Entity's cash at bank attracts a floating interest rate which is subject to change at the discretion of the bank. At 30 June the rate was 1.00% (2014: 2.00%).

Notes to the financial statements
for the year ended 30 June 2015

12. CASH FLOW INFORMATION (Continued)

b) Reconciliation of Comprehensive Income to Net Cash Used in Operating Activities

	Economic Entity 2015 $'000 Inflows/ (Outflows)	Economic Entity 2014 $'000 Inflows/ (Outflows)	**Statutory Corporation 2015 $'000 Inflows/ (Outflows)**	Statutory Corporation 2014 $'000 Inflows/ (Outflows)
Comprehensive Income	**-**	-	**-**	-
Changes in Assets and Liabilities:				
(Increase)/Decrease in Assets				
Other Current Assets	**196**	(209)	**196**	(209)
Receivables -				
Pooled Fund Schemes	**641**	(2,080)	**641**	(2,080)
Other	**(243)**	(50)	**(203)**	65
Increase/(Decrease) in Liabilities				
Payables -				
Pillar	**167**	(119)	**167**	(119)
Other	**278**	1,874	**683**	1,624
Provisions	**445**	(135)	**-**	-
Net Cash From/(Used) in Operating Activities	**1,484**	(719)	**1,484**	(719)

Notes to the financial statements
for the year ended 30 June 2015

13. COMMITMENTS FOR EXPENDITURE

	Economic Entity 2015 $'000	Economic Entity 2014 $'000	Statutory Corporation 2015 $'000	Statutory Corporation 2014 $'000
Lease Commitments				
Commitments in relation to non-cancellable operating leases contracted for at balance date but not provided for in the accounts, including goods and services tax:				
Payable not later than 1 year	921	673	921	673
Payable later than 1 year and not later than 5 years	3,340	2,971	3,340	2,971
Payable greater than 5 years	-	266	-	266
	4,261	3,910	4,261	3,910
Administration Expenses				
Commitments in relation to fixed administration fees for the Pooled Fund payable to Pillar included in the services contract but not provided for in the accounts, including goods and services tax:				
Payable not later than 1 year	5,400	5,400	5,400	5,400
Payable later than 1 year and not later than 5 years	16,200	21,600	16,200	21,600
	21,600	27,000	21,600	27,000

The terms of the contract allow for the fixed costs to be adjusted annually in line with an index stated in the contract.

The administration expenses noted above qualify for a reduced input tax credit of 75% of the goods and services tax included therein.

14. CONTINGENT LIABILITIES

Broadly, two classes of contingent liabilities potentially exist in relation to either the Trustee in its capacity as Trustee of the Pooled Fund, or the Fund itself:

(i) Legal costs and additional benefit amounts in relation to member benefit entitlement disputes, notified, but not resolved.
(ii) Legal costs and damages arising from claims relating to the ownership and operation of physical assets.

In both cases it is impractical to estimate the financial effect or the amount of any possible recovery from third parties relating to these contingent liabilities. The Trustee is indemnified out of the assets of the Fund.

Notes to the financial statements
for the year ended 30 June 2015

15. The NSW Government's Amalgamation Project

In March 2014, the NSW Government announced its intent to amalgamate the funds management activities of the State's financial assets within NSW Treasury Corporation (TCorp). This relates to the defined Benefit (DB) assets within the Pooled Fund.

The Board of STC has, after a full due diligence process, resolved to appoint TCorp as an outsourced service provider of certain funds management activities in relation to DB assets commencing from 15 June 2015.

TCorp will provide funds management services in relation to the Trustee Selection Strategy (formerly called the Growth Strategy), which primarily invests employer funded (or defined benefit) assets. The services being provided by TCorp will include undertaking functions such as recommending investment managers, conducting due diligence, funds administration and operations and reporting activities. The appointment is considered to be in the best interests of the beneficiaries of the State Super Schemes.

STC will maintain the resources and staff required to continue to meet its regulatory and fiduciary obligations, which include retaining responsibility for member services and investment governance (including setting investment objectives and strategies, risk management and asset allocation) for all the STC investment strategies. STC will also continue to manage the four member investment choice strategies (Growth, Balanced, Conservative and Cash) and the two university investment strategies (University Diversified and University Cash) in which university employer reserves are invested.

Total costs incurred for the Amalgamation Project was $6.07 million, this amount was reimbursed to STC through the Crown Reserves. Contained within amalgamation expenses of $6.07 million are fees of $4.20 million paid to KPMG for consulting services.

16. Significant Events After 30 June 2015

There have been no events between 30 June 2015 and the date of approval of these financial statements that would significantly affect the financial statements.

End of Audited Financial Statements

Part G
Financial Statements of the SAS Trustee Staff Agency

(Previously called: SAS Trustee Corporation Division of the Government Service of NSW)

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation Staff Agency

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of SAS Trustee Corporation Staff Agency (Staff Agency), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer of the Staff Agency is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Staff Agency
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

A T Whitfield PSM
Acting Auditor-General

30 September 2015
SYDNEY

SAS TRUSTEE CORPORATION STAFF AGENCY

ABN 31 683 571 255

Statement by Chief Executive Officer
for the year ended 30 June 2015

Pursuant to section 41C of the *Public Finance and Audit Act 1983* I declare that in my opinion:

1. the financial statements present a true and fair view of the financial position of the SAS Trustee Corporation Staff Agency as at 30 June 2015 and transactions for the year then ended, and

2. have been prepared in accordance with the Australian Accounting Standards which includes Australian Accounting interpretations and the requirements of the *Public Finance and Audit Act 1983*; the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.

Further, I am not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 30th day of September 2015.

John Livanas
Chief Executive Officer

SAS TRUSTEE CORPORATION STAFF AGENCY

Statement of Comprehensive Income
for the year ended 30 June 2015

	NOTE	2015 $'000	2014 $'000
Continuing Operations			
Operating Revenue			
Personnel Services		**11,279**	8,158
Operating Expenses			
Salaries		**8,870**	6,338
Defined contribution superannuation		**800**	976
Defined benefit superannuation		**102**	173
Annual and long service leave		**768**	601
Other payroll related		**680**	509
		11,220	8,597
Operating Result	2	**59**	(439)
Other Comprehensive Income			
Items that will not be reclassified into Operating Result:			
Superannuation actuarial remeasurement gains/(losses)	8	**(59)**	439
Total Comprehensive Income		**-**	-

The accompanying notes form an integral part of the above Statement of Comprehensive Income

SAS TRUSTEE CORPORATION STAFF AGENCY

Statement of Financial Position
as at 30 June 2015

	NOTE	2015 $'000	2014 $'000
Current Assets			
Receivables	3	3,741	3,296
Total Current Assets		3,741	3,296
Total Assets		3,741	3,296
Current Liabilities			
Provisions	4	3,636	3,162
Total Current Liabilities		3,636	3,162
Non-Current Liabilities			
Provisions	4	105	134
Total Non-Current Liabilities		105	134
Total Liabilities		3,741	3,296
Net Assets		-	-
Total Equity		-	-

The accompanying notes form an integral part of the above Statement of Financial Position

Statement of Cash Flows
for the year ended 30 June 2015

	NOTE	2015 $'000 Inflows/ (Outflows)	2014 $'000 Inflows/ (Outflows)
Cash Flows from Operating Activities			
Receipts		**12,891**	8,975
Interest Received			-
Payments to Suppliers and Employees		**(12,891)**	(8,975)
Net Operating Cash Flows	9(b)	**-**	-
Net Increase/(Decrease) in Cash & Cash Equivalents		**-**	-
Cash & Cash Equivalents at the beginning of the Financial Year		**-**	-
Cash & Cash Equivalents at the End of the Financial Year	9(a)	**-**	-

The accompanying notes form an integral part of the above Statement of Cash Flows

SAS TRUSTEE CORPORATION STAFF AGENCY

Statement of Changes in Equity
for the year ended 30 June 2015

		2015 $'000	2014 $'000
Balance at 1 July		-	-
Operating Result		59	(439)
Other Comprehensive income			
Superannuation actuarial remeasurement gains/(losses)	8	(59)	439
Total Comprehensive income		-	-
Balance at 30 June		-	-

The accompanying notes form an integral part of the above Statement of Changes in Equity

Notes to the financial statements
for the year ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The SAS Trustee Corporation Staff Agency (STC Staff Agency) (previously called the SAS Trustee Corporation Staff Agency of the Government Service of NSW and renamed on 24 February 2014 by the Administrative Arrangements Order 2014) is a Staff Agency of the Government Service, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in NSW Australia and its office is at Level 16, 83 Clarence Street, Sydney.

STC Staff Agency is a controlled entity of the SAS Trustee Corporation (STC). The objective of the STC Staff Agency is to provide personnel services to STC and the SAS Trustee Corporation Pooled Fund. The expense and revenue amounts include the salary of STC's Chief Executive Officer whose contract for employment is with STC but whose salary administration is conducted through the STC Staff Agency.

These financial statements were authorised for issue by the Chief Executive Officer of STC on 30 September 2015.

B. Basis of preparation and statement of compliance

These are general purpose financial statements in accordance with the requirements of Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations other than superannuation balances which are remeasured in accordance with the requirements of AASB 119 *Employee Benefits (see note 1 G).*

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

The accounting policies adopted in preparing the financial statements are consistently applied, including considering new or amended accounting standards which became operational on 1 July 2014.

Notes to the financial statements
for the year ended 30 June 2015

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

C. Comparative information

Where there have been changes in presentation in the current financial year, the comparative figures for the previous year have been adjusted to conform to these changes.

D. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

E. Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at period end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the operating result. Receivables are monitored during the period and bad debts written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the operating result.

F. Payables

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short-term payable with no stated interest rate is measured at historical cost as the effect of discounting is immaterial.

G. Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not employee benefits (such as payroll tax), are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provision when the obligations arise, which is usually through the rendering of service by employees.

Notes to the financial statements
for the year ended 30 June 2015

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

G. Employee benefit provision and expenses (Continued):

Superannuation and long service leave provisions are measured at their discounted value using a risk free rate mandated by NSW Treasury.

All other employee benefit liabilities (i.e. for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of expected future payments.

The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the operating result for superannuation and long service leave is the net total of current service cost, interest cost and the expected return on plan assets. Actuarial gains or losses are recognised in the Statement of Comprehensive Income in the year they occur.

H. New accounting standards and interpretations

AASB 10 *Consolidated Financial Statements,* AASB2013-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1049]* –
The objective of AASB 10 is to establish principles for the preparation and appearance of the consolidated financial statements. The standard explains how to apply the principle of control to determine as to whether an investor controls an investee and therefore must consolidate the investee. The standard has been implemented for the year ended 30 June 2015. There was no material change to these financial statements.

Under this new standard STC is considered a controlled entity of the State of NSW. However, STC has been granted an exemption from the Financial Reporting Code (TPP 15-01) for the 2014-2015 financial year. As a result there was no material change to these financial statements.

AASB 2012-3 – Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities -
Where offsetting has occurred or offsetting is legally available but has not occurred, additional disclosure has been made.

AASB 1031 Materiality –
The standard was implemented for the year ended 30 June 2015. There was no material change to this financial report. STC already applies materiality considerations as currently contained in Accounting Standards.

I. Accounting standards issued but not yet effective

At the date of authorisation of these financial statements the following accounting standards which are expected to be relevant were issued but not yet effective. The impact of these standards and interpretations has been assessed and to the extent applicable are outlined below. Only relevant Standards and Interpretations have been included.

Notes to the financial statements
for the year ended 30 June 2015

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

I. Accounting standards issued but not yet effective (Continued)

AASB 9 Financial Instruments –
The standard will be implemented for the year ended 30 June 2019. No material change to these financial statements is anticipated.

AASB 2014-1 Amendments to Australian Accounting Standards -
This standard contains several sections each with its own implementation date. No material change to these financial statements is expected.

AASB 2015–2 and 2015–3 Amendments to Australian Accounting Standards –
These standard amendments contain several sections each with its own implementation date. No material change to these financial statements is expected.

J. Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty implicit in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future.

K. Financial instruments

Financial instruments give rise to positions that are financial assets or liabilities. The instruments include cash at bank, receivables and payables. All classes of instruments are initially recorded at cost and with receivables and payables being subsequently carried at amortised cost. As such, inputs for valuing the receivables and payables are not based on observable market data. Such measurement provides a reliable estimate of the instrument. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

2. OPERATING RESULT

The STC Staff Agency did not make any payments to consultants in the year ended 30 June 2015 or the year ended 30 June 2014.

The audit fee for the entity of $6,765 (2014: $6,600) is met by STC. The auditor provided no other services other than the audit of these financial statements.

3. RECEIVABLES

	2015 $'000	2014 $'000
Current		
Amounts Receivable – STC Superannuation (refer Note 8)	**3,439**	3,034
SASS	**82**	75
SANCS	**220**	187
	3,741	3,296

Notes to the financial statements
for the year ended 30 June 2015

4. PROVISIONS

	2015 $'000	2014 $'000
Current		
Employee Benefits	**1,350**	1,077
Superannuation (refer Note 8)		
SSS	**2,286**	2,085
	3,636	3,162
Non-current		
Employee Benefits	**105**	134
	105	134

5. FAIR VALUE

Unless subject to specific measurement requirements of relevant Accounting Standards, all assets and liabilities are measured and reported at fair value. All such receivables are short term and are expected to be settled at the value reported. No payables are past due and all are expected to be settled at the value reported.

6. FINANCIAL RISKS

Market Risk

Market risk is the risk that changes in factors such as interest rates will affect revenue or the value of financial instruments. Market risk is accepted on financial instruments. As STC Staff Agency recovers all its costs from STC, a change in market prices will have no effect on STC Staff Agency's result or net assets.

Credit Risk

Credit (or counterparty) risk is the risk that a counterparty will fail to perform contractual obligations to a financial instrument and cause the STC Staff Agency to experience a financial loss. In respect of the STC Staff Agency's financial assets, its only counterparty is its parent entity, STC. As STC makes good its obligations to the STC Staff Agency on demand, the STC Staff Agency is exposed to minimal credit risk. The STC Staff Agency's maximum credit risk exposure is the balance of the receivable from STC.

Liquidity Risk

Liquidity risk is the risk that the STC Staff Agency will not be able to meet its financial obligations as they fall due. As stated at Note 9 the STC Staff Agency does not have a bank account. All transactions are transacted through the bank account of STC. STC has a legislative right to recover all costs from the SAS Trustee Corporation Pooled Fund and does so monthly. Consequently the STC Staff Agency is exposed to negligible liquidity risk.

Notes to the financial statements
for the year ended 30 June 2015

7. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION

The following were key management personnel of the STC Economic Entity and STC Statutory Corporation during the year.

Executive Officers
Ms L Buck (until 15 June 2015)
Mr K Dent (until 11 July 2014)
Mr A Grice (until 10 June 2014)
Ms B Lawn (until 17 April 2015)
Mr J Livanas
Ms A Lowe (from 10 June 2014)
Mr P Laity (until 15 June 2015)
Mr J Murray (until 15 June 2015)
Mr M O'Brien (until 15 June 2015)
Ms M O'Rourke (until 10 June 2014)
Ms L Rasmussen
Ms A Samuel (from 1 June 2015)
Ms N Siratkov (from 12 July 2014)
Ms L Tsitsis
Ms N Wooden (until 22 May 2015)

The key management personnel compensation in relation to services to STC is as follows –

	2015 $'000	2014 $'000
Short-term employee benefits	**3,948**	3,367
Post-employment benefits	**-**	-
Other long term employee benefits	**31**	41
	3,979	3,408

SAS TRUSTEE CORPORATION STAFF AGENCY

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION

The STC Staff Agency participates in the following closed defined benefit superannuation schemes for some of its staff –

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

The schemes are all defined benefit schemes because as least a component of the final benefit is derived from a multiple of member salary and years of scheme membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the schemes are closed to new members.

Description of the schemes' regulatory framework
The schemes in the Pooled Fund are established and governed by the following NSW legislation and their associated regulations –

- *Superannuation Act 1916*
- *State Authorities Superannuation Act 1987*
- *State Authorities Non-Contributory Superannuation Scheme Act 1987.*

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the STC's (in its capacity as Trustee Board) adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012, the next actuarial investigation will be performed as at 30 June 2015.

Description of other entities' responsibilities for the governance of the fund
STC (in its capacity as Trustee Board) is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. STC (in its capacity as Trustee Board) has the following roles –

- administration of the Fund and payment to the beneficiaries from Fund assets when required in accordance with the Fund rules;
- management and investment of the Fund assets; and
- compliance with other applicable regulations.

8. SUPERANNUATION (Continued)

Description of risks

There are a number of risks to which the Fund exposes the STC Staff Agency as a participating employer. The more significant risks relating to the defined benefits are –

- investment risk - The risk that investment returns will be lower than assumed and the participating employer will need to increase contributions to offset this shortfall
- longevity risk – The risk that pensioners live longer than assumed, increasing future pensions
- salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional contributions from the participating employer
- legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

The following information has been prepared by the Scheme actuary.

Reconciliation of the Net Defined Benefit Liability/(Asset)

As at 30 June 2015	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Net Defined Benefit Liability/(Asset) at start of year	(75)	(187)	2,085
Current service cost	31	5	-
Net interest on the net defined benefit liability/(asset)	(3)	(7)	74
Past service cost	-	-	-
(Gains)/losses arising from settlements	-	-	-
Actual returns on Fund assets less interest income	(71)	(23)	(389)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	15	4	579
Actuarial (gains)/losses arising from liability experience	21	(12)	(63)
Adjustment for effect of asset ceiling	-	-	-
Employer contributions	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	(82)	(220)	2,286

SAS TRUSTEE CORPORATION STAFF AGENCY

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Reconciliation of the Net Defined Benefit Liability/(Asset) (Continued)

As at 30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Net Defined Benefit Liability/(Asset) at start of year	(73)	(74)	2,235
Current service cost	29	10	55
Net interest on the net defined benefit liability/(asset)	(3)	(3)	85
Past service cost	-	-	-
(Gains)/losses arising from settlements	-	-	-
Actual returns on Fund assets less interest income	(104)	(26)	114
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	22	5	223
Actuarial (gains)/losses arising from liability experience	54	(99)	(627)
Adjustment for effect of asset ceiling	-	-	-
Employer contributions	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	(75)	(187)	2,085

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets

As at 30 June 2015	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Fair value of fund assets at beginning of the year	887	277	4,939
Interest income	30	10	171
Actual return on Fund assets less interest income	71	23	389
Employer contributions	-	-	-
Contributions by participants	14	-	-
Benefits paid	-	-	(351)
Taxes, premiums and expenses paid	(1)	7	40
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Fair value of fund assets at end of the year	1,001	317	5,188

As at 30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Fair value of fund assets at beginning of the year	768	273	4,703
Interest income	28	10	174
Actual return on Fund assets less interest income	105	27	(114)
Employer contributions	-	-	-
Contributions by participants	14	-	22
Benefits paid	(27)	(41)	130
Taxes, premiums and expenses paid	(1)	8	23
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Fair value of fund assets at end of the year	887	277	4,938

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Reconciliation of the Defined Benefit Obligation

As at 30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Present value of defined benefit obligation at beginning of the year	811	90	7,024
Current service cost	31	5	-
Interest cost	28	3	245
Contributions by participants	14	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	16	4	579
Actuarial (gains)/losses arising from liability experience	21	(12)	(63)
Benefits paid	-	-	(351)
Taxes, premiums and expenses paid	(1)	7	40
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Past service cost	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Present value of defined benefit obligation at end of the year	920	97	7,474

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Reconciliation of the Defined Benefit Obligation (Continued)

As at 30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Present value of defined benefit obligation at beginning of the year	696	199	6,938
Current service cost	29	10	55
Interest cost	25	7	259
Contributions by participants	14	-	23
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	22	6	223
Actuarial (gains)/losses arising from liability experience	54	(99)	(627)
Benefits paid	(28)	(41)	130
Taxes, premiums and expenses paid	(1)	8	23
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Past service cost	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Present value of defined benefit obligation at end of the year	811	90	7,024

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Reconciliation for the effect of the asset ceiling

As at 30 June 2015	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Adjustment for effect of asset ceiling at beginning of the year	-	-	-
Change in the effect of asset ceiling	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-

As at 30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-
Change in the effect of asset ceiling	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Fair value of Fund assets

All the Fund's assets are invested by the Statutory Corporation (in its capacity as Trustee Board) at arm's length through independent fund managers and assets are not separately invested for each participating employer. As such, the following disclosures relate to the Pooled Fund's total assets.

2015

Asset category	**Total ($m)**	**Level 1 ($m)**	**Level 2 ($m)**	**Level 3 ($m)**
Short term securities	**2,641.5**	**2,443.7**	**197.8**	**-**
Australian fixed interest	**2,655.7**	**30.9**	**2,624.8**	**-**
International fixed interest	**1,003.9**	**(0.1)**	**1,004.0**	**-**
Australian equities	**10,407.0**	**9,961.4**	**445.5**	**0.1**
International equities	**13,010.9**	**9,963.0**	**2,040.2**	**1,007.7**
Property	**3,317.6**	**948.2**	**715.6**	**1,653.8**
Alternatives	**7,170.2**	**622.1**	**2,266.9**	**4,281.2**
Total	**40,206.8**	**23,969.2**	**9,294.8**	**6,942.8**

2014

Asset category	Total ($m)	Level 1 ($m)	Level 2 ($m)	Level 3 ($m)
Short term securities	2,452.7	1,572.6	880.1	-
Australian fixed interest	2,365.0	10.9	2,354.1	-
International fixed interest	880.5	-	880.5	-
Australian equities	11,738.5	11,494.6	241.4	2.5
International equities	10,943.6	8,172.7	2,770.8	0.1
Property	3,283.3	894.1	712.5	1,676.7
Alternatives	6,681.1	565.4	2,731.1	3,384.6
Total	38,344.7	22,710.3	10,570.5	5,063.9

Note –

- Level 1 refers to assets and liabilities for which there are quoted prices in active markets for identical assets and liabilities. The assets in this level are listed shares; listed unit trusts.
- Level 2 refers to assets and liabilities that have significant valuation inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets and liabilities in this level are notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.
- Level 3 refers to assets and liabilities that are not based on observable market data. The assets and liabilities in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

The percentage of fund assets invested in each asset class at 30 June

	2015	2014
Short term securities	**6%**	6%
Australian fixed interest	**7%**	6%
Overseas fixed interest	**2%**	2%
Australian equities	**26%**	31%
International equities	**32%**	29%
Property	**9%**	9%
Alternatives	**18%**	17%
	100%	100%

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

The Fund does not hold any financial instruments issued by the STC Staff Agency.

Significant actuarial assumptions as at 30 June

	2015	2014
Discount rate	**3.03%**	3.57%
Salary increase rate (excluding promotional increases)	**2.50%**	2.27%
Rate of CPI increase	**2.50%**	2.50%
Pensioner mortality	**as per the 2012 Actuarial Investigation of the Pooled Fund**	as per the 2012 Actuarial Investigation of the Pooled Fund

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Sensitivity analysis

The total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. Scenarios A to F relate to the sensitivity of the total defined benefit obligation to economic assumptions. Scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1.0% Discount rate	Scenario B +1.0% Discount rate
Discount rate	3.03%	2.03%	4.03%
Salary increase rate	2.50%	2.50%	2.50%
Rate of CPI increase	2.50%	2.50%	2.50%
Defined benefit obligation ($'000)	8,490.5	9,706.4	7,487.5

	Base Case	Scenario C +0.5% Rate of CPI increase	Scenario D -0.5% Rate of CPI increase
Discount rate	3.03%	3.03%	3.03%
Salary increase rate	2.50%	2.50%	2.50%
Rate of CPI increase	2.50%	3.00%	2.00%
Defined benefit obligation ($'000)	8,490.5	9,059.2	7,970.6

	Base Case	Scenario E +0.5% Salary increase rate	Scenario F -0.5% Salary increase rate
Discount rate	3.03%	3.03%	3.03%
Salary increase rate	2.50%	3.00%	2.00%
Rate of CPI increase	2.50%	2.50%	2.50%
Defined benefit obligation ($'000)	8,490.5	8,510.1	8,471.5

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Sensitivity analysis (Continued)

	Base Case	Scenario G -5.0% Pensioner mortality rates	Scenario H +5.0% Pensioner mortality rates
Defined benefit obligation ($'000)	8,490.5	8,391.6	8,595.0

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-liability matching strategies

STC, in its capacity as trustee of the Fund, ensures it maintains an appropriate asset strategy to pay benefits as the benefits fall due.

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussion between the STC in its capacity as trustee of the Schemes and NSW Treasury.

STC in its capacity of trustee of the schemes reviews funding positions annually and contributions may be adjusted in response to the review.

Surplus/deficit

The following is a summary of the 30 June financial position of the schemes calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans.*

30 June 2015	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Accrued benefits	**847.0**	**109.4**	**4,064.4**
Net market value of fund assets	**(1,001.3)**	**(317.5)**	**(5,187.7)**
Net (surplus)/deficit	**(154.3)**	**(208.1)**	**(1,123.3)**

30 June 2014	SASS $'000	SANCS $'000	SSS $'000
Accrued benefits	749	100	4,050
Net market value of fund assets	(886)	(277)	(4,939)
Net (surplus)/deficit	(137)	(177)	(889)

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Recommended contribution rates

As at 30 June 2015	**SASS**	**SANCS**	**SSS**
	Multiple of member contributions	**% member salaries**	**Multiple of member contributions**
	-	-	-

As at 30 June 2014	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-

Notes to the financial statements
for the year ended 30 June 2015

8. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Economic Assumptions

Weighted average assumptions –

	2012 and following
Expected rate of return on fund assets backing current pension liabilities	8.3%
Expected rate of return on fund assets backing other liabilities	7.3%
Expected salary increase rate	2.7% for six years then 4.0% per year
Expected rate of CPI increase	2.5%

Funding arrangements for employer contributions – Nature of asset/liability.

If a surplus exists in the STC Staff Agency's interest in the fund, the STC Staff Agency may be able to take advantage of it in the form of a reduction in required contribution rate. STC in its capacity as the schemes' trustee and NSW Treasury must approve such a reduction.

If a deficiency exists the STC Staff Agency is responsible for any difference between its share of scheme assets and the defined benefit obligation.

Expected contributions

Year ended 30 June 2015	SASS	SANCS	SSS
	-	-	-

Year ended 30 June 2014	SASS	SANCS	SSS
	-	-	-

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 12.4 years.

Notes to the financial statements
for the year ended 30 June 2015

9. CASH FLOW INFORMATION

a) Reconciliation of Cash

	2015 $'000	2014 $'000
Cash at Bank	-	-

The STC Staff Agency does not have a bank account. All transactions are transacted through the bank account of STC.

The STC Staff Agency does not have any credit standby arrangements or loan facilities.

b) Reconciliation of Comprehensive Income to Net Cash Used in Operating Activities

	2015 $'000 Inflows/ (Outflows)	2014 $'000 Inflows/ (Outflows)
Comprehensive Income	-	-
Changes in Assets and Liabilities		
(Increase)/Decrease in Assets		
Receivables	(445)	135
Increase/(Decrease) in Liabilities		
Provisions	445	(135)
Net Cash From/(Used) in Operating Activities	-	-

Notes to the financial statements
for the year ended 30 June 2015

10. COMMITMENTS FOR EXPENDITURE

There are no commitments for expenditure at 30 June 2015 or at 30 June 2014.

11. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2015 or at 30 June 2014.

12. SIGNIFICANT EVENTS AFTER 30 JUNE 2015

There have been no events between 30 June 2015 and the date of approval of these financial statements that would significantly affect the financial statements.

End of Audited Financial Statements

Part G
Financial Statements of the SAS Trustee Corporation Pooled Fund

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation Pooled Fund

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the SAS Trustee Corporation Pooled Fund (the Fund), which comprise the statement of net assets as at 30 June 2015, the statement of changes in net assets for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the net assets of the Fund as at 30 June 2015, and of its changes in net assets for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

The Trustee's Responsibility for the Financial Statements

The Fund's Trustee, SAS Trustee Corporation is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Fund
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

A T Whitfield PSM
Acting Auditor-General

30 September 2015
SYDNEY

SAS TRUSTEE CORPORATION POOLED FUND

ABN 29 239 066 746

Statement by Members of the Trustee Board
for the year ended 30 June 2015

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the Board of the SAS Trustee Corporation, we state that in our opinion the Financial Statements:

1. present a true and fair view of the net assets of the Pooled Fund as at 30 June 2015 and changes in net assets for the year then ended, and

2. have been prepared in accordance with the Australian Accounting Standards which includes Australian Accounting interpretations and the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 30th day of September 2015.

Nicholas Johnson
Chairperson
SAS Trustee Corporation

George Venardos
Board Member and Chairperson of the Risk, Audit and Compliance Committee
SAS Trustee Corporation

SAS TRUSTEE CORPORATION POOLED FUND

Statement of Changes in Net Assets
for the year ended 30 June 2015

	Note	2015 $'m	2014 $'m
Net Assets Available to Pay Benefits at Beginning of Financial Year		**40,248.2**	38,209.0
Contribution Revenue			
Employer Contributions		**1,481.0**	1,401.1
Member Contributions		**366.2**	409.1
Total Contribution Revenue	3	**1,847.2**	1,810.2
Transfers			
Scheme Mobility Transfers in/(out)	5	**0.5**	(1.0)
Investment Revenue			
Short Term Securities		**85.3**	111.4
Australian Fixed Interest		**128.8**	108.9
International Fixed Interest		**22.0**	21.8
Australian Equities		**451.3**	534.9
International Equities		**347.2**	351.6
Property		**168.6**	208.3
Alternatives		**436.4**	442.1
		1,639.6	1,779.0
Change in Net Market Value of Investments		**2,985.4**	3,145.8
	6	**4,625.0**	4,924.8
Less:			
Direct Investment Expenses		**(125.8)**	(102.6)
Net Investment Income		4,499.2	4,822.2
Other Revenue		**2.5**	2.4
Superannuation Contributions Surcharge		**5.9**	7.9
Total Revenue		**6,355.3**	6,641.7
Expenses			
Benefits Paid and Payable	13(b)	**(4,435.6)**	(4,456.1)
Scheme Administration Expenses	7	**(46.2)**	(38.0)
Other Expenses		**(7.2)**	(2.0)
Total Expenses		**(4,489.0)**	(4,496.1)
Change in Net Assets Before Income Tax		**1,866.3**	2,145.6
Income Tax Expense	8(a)	**(126.5)**	(106.4)
Change in Net Assets After Income Tax		**1,739.8**	2,039.2
Net Assets Available to Pay Benefits at End of Financial Year	9	**41,988.0**	40,248.2

The accompanying notes form an integral part of the above Statement of Changes in Net Assets

SAS TRUSTEE CORPORATION POOLED FUND

Statement of Net Assets
as at 30 June 2015

	Note	2015 $'m	2014 $'m
INVESTMENT ASSETS			
Short Term Securities		**6,049.4**	5,722.7
Australian Fixed Interest		**2,576.3**	2,278.5
International Fixed Interest		**1,028.2**	881.3
Australian Equities		**9,523.0**	10,468.9
International Equities		**11,688.3**	10,548.1
Investment Properties		**3,487.1**	3,261.4
Alternatives		**7,096.1**	6,615.0
		41,448.4	39,775.9
OTHER ASSETS			
Cash and Cash Equivalents		**6.5**	0.8
Receivables	10	**998.8**	820.8
Plant and Equipment		**0.9**	1.0
Current Tax Asset	8(a)	**-**	3.4
Deferred Tax Asset	8(b)	**6.5**	73.7
		1,012.7	899.7
TOTAL ASSETS		**42,461.1**	40,675.6
LIABILITIES			
Reserve Units	11	**0.7**	0.8
Payables	12	**231.4**	250.4
Current Tax Liability	8(a)	**54.6**	-
Deferred Tax Liability	8(b)	**186.4**	176.2
TOTAL LIABILITIES		**473.1**	427.4
NET ASSETS AVAILABLE TO PAY BENEFITS	9	**41,988.0**	40,248.2

The accompanying notes form an integral part of the above Statement of Net Assets

Notes to and forming part of the financial statements
for the year ended 30 June 2015

1. THE POOLED FUND

The SAS Trustee Corporation Pooled Fund (the Fund) was established under and is governed by various Acts of the New South Wales Parliament. The Schemes of the Fund comprise the State Authorities Non-contributory Superannuation Scheme (SANCS), the State Superannuation Scheme (SSS) and the Police Superannuation Scheme (PSS), which are defined benefit plans, and the State Authorities Superannuation Scheme (SASS), which has defined benefit and defined contribution components. All Schemes in the Fund are closed to new members. The Fund is domiciled in NSW Australia with a registered address at Level 16, 83 Clarence Street Sydney, NSW, 2000.

These financial statements are general purpose financial statements for the Fund, a reporting entity that comprises the SASS, SANCS, SSS and PSS. These superannuation Schemes are administered by SAS Trustee Corporation (STC), under the *Superannuation Administration Act 1996* (the Act). STC acts as trustee and holds in trust all assets of the Fund.

STC is a controlled entity of the NSW Government from 1 July 2014 and is required to comply with relevant Treasury Polices and financial reporting requirements. The trustee sought and obtained appropriate exemptions for 30 June 2015.

Scheme administration services for the Fund are carried out by the Superannuation Administration Corporation trading as Pillar Administration (Pillar). The Fund's investment custodial activities are performed by JP Morgan Chase Bank, NA. The Fund's administration custody activities (operation and management of the Fund's benefit and contribution bank accounts) are performed by Pillar. Independent actuarial services are provided by Richard Boyfield of Mercer (Australia) Pty Ltd.

Investment managers of the Fund during the year ended 30 June 2015 and 2014 are provided in note 23. Each investment manager is required to invest the assets managed by it in accordance with the provisions set out in an Investment Management Agreement either directly with STC, or in the case of a trust, with the trustee of the trust. The investment managers and custodian charge fees for the services provided.

Significant events during the year

Defined Benefit and Defined Contribution split
Effective from 1 February 2015, STC implemented a number of investment administration changes to more closely align assets with the choices made by members and with the reserves held by employers for members. These changes have been determined to be in the best interests of members and do not have any financial impact on these financial statements.

The previous (old) Growth Strategy which applied to both Member Investment Choice and Employer Reserves has been replaced with two strategies:

- a new Growth Strategy which applies to Member Investment Choice.
- a Trustee Selection Strategy, which applies to the investment of most Employer Reserve assets.

University funding
The superannuation liabilities of various NSW Universities have been the subject of an ongoing review by STC, the New South Wales (NSW) and Commonwealth Governments. In December 2014 a Memorandum of Understanding (MoU) was signed by the NSW and Commonwealth Governments outlining the intention of the two governments to establish a protocol to fund university superannuation benefits until the earlier of 30 June 2084 or when the last beneficiary is paid. The MoU also informs STC of the understanding between the Governments to fund member

Notes to and forming part of the financial statements
for the year ended 30 June 2015

1. THE POOLED FUND (Continued)

lump sum and pension benefits for the various NSW Universities as they fall due from the Pooled Fund.

The NSW Government's Amalgamation Project
In March 2014, the NSW Government announced its intent to amalgamate the funds management activities of the State's financial assets within NSW Treasury Corporation (TCorp).

The Board of STC, after a full due diligence process, resolved to appoint TCorp as an outsourced service provider of certain funds management activities in relation to Defined Benefit assets within the Fund commencing from 15 June 2015. The appointment is considered to be in the best interests of the beneficiaries of the Schemes. Funds management activities for Defined Contribution assets remain with STC.

TCorp will provide funds management services in relation to the Trustee Selection Strategy (formerly part of the previous Growth Strategy), which primarily invests employer funded (or defined benefit) assets. The services being provided by TCorp will include undertaking functions such as recommending investment managers, conducting due diligence, funds administration and operations and reporting activities.

STC will maintain the resources and staff required to continue to meet its regulatory and fiduciary obligations, which include retaining responsibility for member services and investment governance (including setting investment objectives and strategies, risk management and asset allocation) for all the STC investment strategies. STC will also continue to manage the four Member Investment Choice strategies (Growth, Balanced, Conservative and Cash) and the two university investment strategies (University Diversified and University Cash) in which university employer reserves are invested.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements form a general purpose financial report and are prepared in accordance with –

- the requirements of Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans* (AAS 25) which provides specific measurement requirements for assets, liabilities and for accrued benefits.
- the requirements of other Australian Accounting Standards, to the extent these standards are not overridden by AAS 25
- the *Public Finance and Audit Act 1983*
- the *Public Finance and Audit Regulation 2015*
- financial reporting directions issued by the Treasurer
- relevant legislative requirements.

The Trustee Board has determined that the Fund is a not-for-profit entity for financial reporting purposes.

The financial statements were authorised for issue by the STC Board on 30 September 2015.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements have been prepared on an accrual basis and in accordance with the historic cost convention, except for assets stated in Note 2(b).

Consolidation and Investments in controlled entities

Amendments to Australian Accounting Standards – Investment Entities (AASB 2013-5) introduced an exception from consolidation requirements for investment entities. Controlled investments, excluding entities which provide services to the investment entity, must now be accounted for at fair value through profit or loss, rather than being consolidated.

The adoption of the amendment does not affect these financial statements as the controlled entities were not consolidated in prior years because they were immaterial to the financial statements as a whole. Consolidated financial statements have not been prepared on the basis that the Fund meets the definition of an investment entity under the control assessment defined in AASB 10 – Consolidated Financial Statements. Controlled entities of the Fund are shown in Note 15.

All amounts are presented in Australian Dollars unless otherwise stated. The accounting policies adopted in preparing the financial statements are consistently applied. More detailed information on accounting policies for financial instruments is contained at Note 19.

b) Assets and Liabilities

Assets and liabilities of the Fund are valued at reporting date at net market values. Net market values comprise market values less estimated costs of disposal. Changes in net market values, representing gains or losses, are recognised in the Statement of Changes in Net Assets in the period in which they occur.

The valuation of each class of asset at 30 June is determined as follows:

Short Term Securities:	Market rates (refer note 19 for more detail).
Fixed Interest Securities:	Relevant fixed interest securities markets.
Equities, Unit Trusts: and Unlisted Assets	Relevant stock exchange official quotation or if unlisted, independent or manager valuation.
Property:	Property assets are located in areas with high levels of sales activity giving observable market data on which reliable fair value estimates can be derived by independent registered valuers. These assets are valued initially at cost and subsequently using the revaluation model, whereby land and buildings are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
Plant and Equipment:	Valued at net market values; where assets are not material and for which fair values are not readily available, the assets are shown at their written down values which approximates fair value.
Others Assets:	e.g. Sundry Assets and Receivables, where net market values are not available, the assets are shown at fair values. Assets are reviewed annually to ensure they are not recognised at amounts exceeding the value of the economic benefits to be provided by continued use.

The transactions relating to financial instruments are accounted for using trade date accounting. The trustees have concluded that the above measurement bases are appropriate. The nature of the assets and liabilities is that measurement amounts may change over time. Particularly for

Notes to and forming part of the financial statements
for the year ended 30 June 2015

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

unlisted assets, measurement amounts may be at variance from amounts realised should the assets be disposed of.

Assets and liabilities are recognised when STC becomes party to the instrument's contractual provisions.

Assets are derecognised when the contractual rights to cash flows from the asset expire or are transferred to another party.

Liabilities are derecognised when the contractual obligation relating to the liability is discharged, cancelled or expires.

c) Foreign Currency Transactions

Foreign currency transactions during the year are converted to Australian dollars at the rate of exchange applicable at the date of the transaction. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date. Resulting exchange differences are recognised in the Statement of Changes in Net Assets in the period in which they arise.

d) Use of Judgements and Estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty implicit in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future. In valuing assets, including investments for which there is no observable market STC is guided on appropriate valuation techniques by its Valuation Policy. The valuation techniques involve the judgment of independent valuers. In valuing deferred tax balances, STC is guided by AASB 112 – *Income Taxes* (refer Note 2(e)). The amount of accrued and vested benefits has been actuarially determined. The key assumptions are disclosed at note 13.

e) Income Tax

The Fund is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1936*. Accordingly, the concessional tax rate of 15% has been applied.

Income tax on the Change in Net Assets for the year comprises current and deferred tax. Income tax is reflected in the Statement of Changes in Net Assets.

Current Tax is the expected tax payable or recoverable on the taxable income for the year using the concessional tax rate of 15% and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax provided uses the tax rate expected to apply when the benefit or liability is realised.

A deferred tax asset is only recognised to the extent it is probable that future taxable surpluses will be available against which the asset can be used.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Management Expenses

Management expenses charged to the Fund comprise:

Direct Investment Expenses: Investment expenses are recognised on an accruals basis.

Scheme Administration Expenses: The expenses were allocated in accordance with Trustee policy during the year. The basis for the allocation was number of members and the administrative complexity of each individual Scheme.

g) Goods and Services Tax (GST)

Revenues are recognised net of the amount of GST where applicable. Expenses and assets are also recognised net of the amount of GST where applicable to the extent that the GST is recoverable from the Australian Taxation Office. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from the Australian Taxation Office is included as part of receivables in the Statement of Net Assets.

h) Superannuation Contributions Surcharge Tax

The Superannuation Contributions Surcharge tax is levied on surchargeable contributions on the basis of the individual member's adjusted taxable income. Surcharge assessments which are received and paid by the Fund are charged to the relevant members' surcharge debt accounts.

No provision has been made in these financial statements for the amount of the superannuation contributions surcharge tax which may be payable by the Fund under the *Superannuation Contributions Tax (Assessment and Collections) Act 1997* as the assessments received to date are not considered to be indicative of future assessments. The liability shown in the Statement of Net Assets is calculated using assessments received up to 30 June 2015 from the ATO advising of surcharge accrued before abolition of the *Superannuation Contributions Tax (Assessment and Collections) Act 1997*, effective 1 July 2005, indexed annually in line with ATO requirements (presently the 10-year Treasury Bond rate).

i) Rounding

All values reported in the financial statements have been rounded to the nearest million dollars taken to one decimal place, except where otherwise stated.

j) Comparative Figures

Where there have been changes in presentation in the current financial year, the comparative figures for the previous year have been adjusted to conform to these changes.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Revenue Recognition and Measurement

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

Contributions and Transfers in
Contributions and transfers in are recognised when the right to the contribution has been attained and are recorded in the period to which they relate.

Interest Revenue
Interest is recognised when control of a right to receive consideration for the provision of, or investment in, assets has been attained. If interest is not received at 30 June the amount is recognised as a receivable in the Statement of Net Assets.

Dividend Revenue
Dividends are recognised on the ex-date. Dividends receivable at 30 June are recognised as a receivable in the Statement of Net Assets.

Rental Revenue
Rental revenue from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of total rental income.

Changes in net market value of investments
Changes in the net market value of investments are recognised as revenue and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year end or cost (if the investment was acquired during the period).

Distributions from unit trusts
Distributions from unit trusts are recognised as investment revenue on the date the unit value is quoted ex-distribution. If distributions from unit trusts are not received by 30 June, the amount is reflected in the Statement of Net Assets as a receivable.

l) Benefit Payments

Benefit payments are recognised when the payment becomes due under scheme legislation and a benefit application has been received.

m) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Net Assets if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle or realise the assets and liabilities simultaneously.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that became effective for the first time for the Fund for the annual reporting period ended 30 June 2015 and their impact on the financial statements are outlined below. Standards and Interpretations that are not applicable to the Fund have not been included: –

An assessment under AASB 10 performed by the NSW Treasury identified that STC is controlled by the NSW Government.

AASB 10 *Consolidated Financial Statements,* AASB2013-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1049] –*
The objective of AASB 10 is to establish principles for the preparation of the consolidated financial statements. The standard explains how to apply the principle of control to determine whether an investor controls an investee and when the investor must consolidate the investee. STC reviewed its investments in other entities and determined that the Fund controls those entities under the requirements of AASB 10. However, the Fund is considered an investment entity and is exempted from consolidation requirements (see below).

AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139] –*
The amendments made by AASB 2013-5 create an exemption from consolidation requirements for investment entities. STC has determined that the Pooled Fund meets the definition of an investment entity and has therefore adopted the amendments in regards to its controlled investments. The Pooled Fund therefore does not consolidate these investments, but accounts for them at fair value.

AASB 2013-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12, AASB 1049] –*
The amendments made by AASB 2013-8 requires controlled investments to be accounted for at fair value through profit and loss, rather than being consolidated. The Fund has control of multiple investments which are recorded at fair value.

AASB 12 *Disclosures of Interests in Other Entities –*
The standard has been implemented for the year ended 30 June 2015. There was no material change to this financial report. (refer note 15).

AASB 2012-3 – *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities -*
Where offsetting has occurred or offsetting is legally available but has not occurred, additional disclosure has been made (refer note 19).

AASB 1031 *Materiality –*
The amended standard was implemented for the year ended 30 June 2015. There was no material change to this financial report. STC already applies materiality considerations as currently contained in Accounting Standards.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Standards issued applicable but not yet effective

At the date of authorisation of this financial report the following accounting standards which are expected to be relevant were issued but not yet effective. The impact of these standards and interpretations has been assessed and to the extent applicable to the Fund are outlined below. Standards and Interpretations that are not applicable to the Fund have not been included.

AASB 9 *Financial Instruments* –
The standard will be implemented for the year ending 30 June 2019. As the Fund does not adopt hedge accounting principles no material change to these financial statements is anticipated.

AASB 1056 *Superannuation Entities* –
The standard will be implemented for the year ending 30 June 2017. It will substantially alter the presentation of the Fund's financial statements. Areas affected include –

- different primary financial statements –
    - Statement of financial position
    - Income statement
    - Statement of changes in equity/reserves
    - Statement of cash flows
    - Statement of changes in member benefits.
- recognition in the Statement of financial position of the Fund's accrued benefits
- measurement of assets and liabilities at fair value
- the ability to treat controlled investment special purpose vehicles as investments at fair value.

AASB 2014-4, 2015–2, 2015–3 and 2015-5 Amendments to Australian Accounting Standards - These standard amendments contain several sections each with its own implementation date. No material change to these financial statements is expected.

p) Materiality

Omissions or misstatements are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of these financial statements. Materiality depends on the size and nature of any omission or misstatement judged in the surrounding circumstances. The size and nature of the item, or a combination of both, could be the determining factor. To this end, the Trustee's general position is that all amounts and disclosures in these financial statements are to agree to the underlying source information. As stated at Note 2(d) some amounts contain judgements and estimates. In all cases the judgement or estimate has been confirmed to the best available information to ensure these financial statements present fairly all the information disclosed.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

3. EMPLOYER AND MEMBER CONTRIBUTIONS

	2015				
	SASS $'m	**SANCS $'m**	**SSS $'m**	**PSS $'m**	**Total $'m**
Employer Contributions	**456.6**	**141.3**	**682.4**	**200.7**	**1,481.0**
Salary Sacrifice Contributions	**144.0**	**-**	**100.8**	**7.2**	**252.0**
Member Contributions	**65.4**	**0.7**	**44.3**	**3.8**	**114.2**
Total Contributions	**666.0**	**142.0**	**827.5**	**211.7**	**1,847.2**

	2014				
	SASS $'m	SANCS $'m	SSS $'m	PSS $'m	Total $'m
Employer Contributions	758.5	253.0	309.5	80.1	1,401.1
Salary Sacrifice Contributions	146.0	-	121.1	7.4	274.5
Member Contributions	75.3	0.4	54.7	4.2	134.6
Total Contributions	979.8	253.4	485.3	91.7	1,810.2

The payment of all benefits under the Schemes associated with the Fund is provided for by New South Wales Government statute and the liability is funded, as a minimum, as the benefits become payable. Member financed benefits are fully funded by underlying member reserves held within the Fund (Note 9 gives more detail).

Member and Employer contributions for each of the Schemes are determined on the basis described below. The basis for the current year remains unchanged from the previous year. Member contributions for the SANCS represent the co-contributions received from the Commonwealth Government.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012.*

The New South Wales Government's objective is to fully fund its superannuation liabilities by 2030. This objective requires that employer contributions be periodically reassessed to ensure that they remain sufficient to achieve full funding by 2030. STC conducts this periodic reassessment at 30 June each year.

a) State Authorities Superannuation Schemes (SASS)

Member Contributions

Each member elects to contribute between 1% and 9% of salary.

Employer Contributions

Under the provisions of the *State Authorities Superannuation Act 1987* employers are grouped into the two categories below and the bases of contribution are as follows:

Part 1 Consolidated Fund or supported Government employers and self-financing Semi-government and non-government employers are billed monthly and generally contribute at a multiple of the contributions payable by employees. The respective multiples are set by STC, with the concurrence of the NSW Treasurer, at a rate to part fund future liabilities and to fully fund emerging benefits.

Part 3 Employers contribute at a multiple of 1.9 of employee contributions for SASS and 2.5% of employees' salaries for SANCS.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012.*

Notes to and forming part of the financial statements
for the year ended 30 June 2015

3. EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)

b) State Authorities Non-contributory Superannuation Scheme (SANCS)

Member Contributions

As the Scheme is 100% employer funded, there are no member contributions. Any member contribution recognised represents co-contributions received from the Commonwealth Government in respect of a member.

Employer Contributions

Employers are billed at a percentage of employees' salaries, set for each employer by STC with the concurrence of the NSW Treasurer. The current contribution rates for employers range from 0% to 3%. Some employers also contribute lump sum contributions to meet past service deficiencies. The lump sum contribution amount is set by STC with concurrence of the NSW Treasurer.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012.*

c) State Superannuation Scheme (SSS)

Member Contributions

Each member contributes on a rate for age basis for individual pension units which become available with salary increases. Members may elect to abandon units where total contributions payable would exceed 6% of salary.

Employer Contributions

Each employer contributes at a rate equal to a multiple of relevant employee contributions. The rate is set by STC with the concurrence of the NSW Treasurer. The multiple of employee contributions is estimated to at least meet the cost of emerging benefits. Some employers also contribute lump sum contributions to meet past service deficiencies. The lump sum contribution amount is set by STC with concurrence of the NSW Treasurer.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012.*

d) Police Superannuation Scheme (PSS)

Member Contributions

Members contribute 6% of their salary.

Employer Contributions

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012.*

Notes to and forming part of the financial statements
for the year ended 30 June 2015

4. SASS – MEMBER INVESTMENT CHOICE

SASS members have the option to choose the investment strategy for his or her member contributions. The option is also offered to SASS members who have deferred their benefits. Any election by a SASS deferred member applies to the member's contributor financed benefit and also to his or her employer financed benefit.

5. SCHEME MOBILITY TRANSFER

During the year some members of the Fund Schemes elected to transfer to the Local Government Superannuation Scheme (LGSS) or to the Energy Industries Superannuation Scheme (EISS) following transfer of their employment to a relevant employer covered by either of those schemes. The total amount transferred out was $0.6 million (2014: $1.5 million transferred out).

Also, a number of LGSS and/or EISS members who had undergone a change in employment elected to transfer to a Fund scheme. The total amount transferred in was $1.1 million (2014: $0.5 million transferred in).

The net amount transferred in was $0.5 million (2014: $1.0 million transferred out).

The mobility provisions governing these optional, employment-related scheme transfers are contained in the *Superannuation Administration (Local Government Superannuation Scheme Transitional Provisions) Regulations 1997* and the *Superannuation Administration (Electricity Superannuation Scheme Transitional Provisions) Regulations 1997.*

Notes to and forming part of the financial statements
for the year ended 30 June 2015

6. INVESTMENT REVENUE

	2015			
	Income	Change in Net Market Value		Total
		Held at Reporting Date	Realised During the Year	
		Unrealised Gain/(Loss)	Gain/(Loss)	
	$'m	$'m	$'m	$'m
Short Term Securities	85.3	11.2	82.5	179.0
Australian Fixed Interest	128.8	12.7	15.0	156.5
International Fixed Interest	22.0	99.0	3.4	124.4
Australian Equities	451.3	199.0	201.8	852.1
International Equities	347.2	1,605.2	52.8	2,005.2
Property	168.6	336.3	(33.2)	471.7
Alternatives	436.4	517.9	(118.2)	836.1
Total Investment Revenue	1,639.6	2,781.3	204.1	4,625.0

	2014			
	Income	Change in Net Market Value		Total
		Held at Reporting Date	Realised During the Year	
		Unrealised Gain/(Loss)	Gain/(Loss)	
	$'m	$'m	$'m	$'m
Short Term Securities	111.4	4.6	48.7	164.7
Australian Fixed Interest	108.9	22.7	13.1	144.7
International Fixed Interest	21.8	40.7	(8.7)	53.8
Australian Equities	534.9	931.4	487.5	1,953.8
International Equities	351.6	1,013.5	257.0	1,622.1
Property	208.3	207.8	(29.3)	386.8
Alternatives	442.1	393.4	(236.6)	598.9
Total Investment Revenue	1,779.0	2,614.1	531.7	4,924.8

Interest Revenue
Within Short Term Securities, Australian Fixed Interest and International Fixed Interest is interest revenue of $189.6 million (2014: $237.0 million).

Royalty Revenue
Within Australian Equities is royalty revenue of $14.0 million (2014: $14.9 million).

Dividend Revenue
Within Australian Equities and International Equities is dividend revenue of $626.8 million and trust distributions of $252.1 million (2014: $687.6 million and $119.5 million).

Notes to and forming part of the financial statements
for the year ended 30 June 2015

6. INVESTMENT REVENUE (Continued)

Property Lease Revenue

The Fund's property portfolio comprises interests in property trusts and several directly owned properties. These properties are leased commercially to various tenants.

The Fund engaged in the following transactions –

	2015 $'m	2014 $'m
Rental income derived	**154.7**	156.3
Direct property operating expenses	**(49.0)**	(49.3)
Contractual obligations to renovate properties	**(4.0)**	(5.6)
Contractual obligations for repairs, maintenance or enhancements to properties	**(0.5)**	(0.1)

The future minimum lease payments receivable by the Fund are –

	2015 $'m	2014 $'m
No later than one year	**103.4**	110.5
Later than one year but not later than five years	**227.3**	231.6
Later than five years	**79.9**	85.8
	410.6	427.9

7. SCHEME ADMINISTRATION EXPENSES

The Superannuation Administration Act 1996 requires that STC recover its administration expenses from the Pooled Fund. Recoveries totalled $46.2 million (2014: $38 million).

Included in Scheme Administration Expenses are the following items:

	2015 $'m	2014 $'m
Audit Fees – The Auditor-General of New South Wales (audit of the financial statements and no other services)	**0.4**	0.4
Scheme Administration Fees	**25.4**	24.1

Notes to and forming part of the financial statements
for the year ended 30 June 2015

8. INCOME TAX

Income tax expenses and assets and liabilities arising from the levying of income tax (including capital gains tax) on the Fund have been determined in accordance with the provisions of Australian Accounting Standard AASB 112 *Income Taxes.*

a) **Income Tax recognised in the Statement of Changes in Net Assets**	**2015 $'m**	2014 $'m
Current tax expense		
Provision attributable to current year	**54.6**	(3.4)
PAYG instalments paid	**-**	35.4
Adjustments for prior year	**(5.5)**	(15.2)
	49.1	16.8
Deferred tax asset		
Decrease in net deferred tax liability	**77.4**	89.6
Total income tax expense in Statement of Changes in Net Assets	**126.5**	106.4
Reconciliation between tax (benefit)/expense and pre-tax Change in Net Assets before Tax		
Change in Net Assets before income tax	**1,866.3**	2,145.6
Income tax expense using the superannuation fund tax rate of 15%	**279.9**	321.8
Increase in tax expense/Decrease in tax benefit due to:		
Non-deductible benefit payments, CGT concession and investment expense	**263.9**	280.4
Pension related investment gains	**(172.5)**	(217.7)
Decrease in tax expense/Increase in tax benefit due to:		
Tax credits	**(202.6)**	(216.6)
Notional death and disability insurance premium and anti-detriment	**(36.7)**	(50.2)
Over provision of tax benefit in prior year	**(5.5)**	(11.3)
Income Tax Expense on Change in Net Assets Before Tax	**126.5**	106.4

b) **Deferred Tax Asset/(Liability)**	**2015 $'m**	2014 $'m
Unrealised Capital Gains	**(196.7)**	(123.7)
Income Receivable	**(3.3)**	(3.7)
Contributions Receivable	**(0.3)**	(0.3)
Unrealised Gains on Traditional Securities and Foreign Exchange	**(3.5)**	(4.9)
Unrealised Franking Credits	**23.9**	30.1
Net Deferred Tax Liability	**(179.9)**	(102.5)

Notes to and forming part of the financial statements
for the year ended 30 June 2015

9. NET ASSETS

	2015				
	SASS $'m	**SANCS $'m**	**SSS $'m**	**PSS $'m**	**Total $'m**
Member Reserves (1)					
Balance at Beginning of Financial Year	4,806.8	-	2,629.5	350.7	7,787.0
Increase/(Decrease) in Net Assets	114.5	-	(296.5)	9.0	(173.0)
Balance at End of Financial Year	4,921.3	-	2,333.0	359.7	7,614.0
Employer Reserves (2)					
Balance at Beginning of Financial Year	5,359.7	1,498.9	19,246.0	4,048.6	30,153.2
Increase/(Decrease) in Net Assets	332.2	39.1	1,107.4	182.8	1,661.5
Balance at End of Financial Year	5,691.9	1,538.0	20,353.4	4,231.4	31,814.7
Death or Invalidity Reserves (3)					
Balance at Beginning of Financial Year	5.5	-	-	-	5.5
Increase/(Decrease) in Net Assets	0.1	-	-	-	0.1
Balance at End of Financial Year	5.6	-	-	-	5.6
Deferred Benefits Reserves (4)					
Balance at Beginning of Financial Year	1,690.5	412.0	-	-	2,302.5
Increase/(Decrease) in Net Assets	210.1	41.1	-	-	251.2
Balance at End of Financial Year	2,100.6	453.1	-	-	2,553.7
Net Assets Available to Pay Benefits	12,719.4	1,991.1	22,686.4	4,591.1	41,988.0

	2014				
	SASS $'m	SANCS $'m	SSS $'m	PSS $'m	Total $'m
Member Reserves (1)					
Balance at Beginning of Financial Year	4,650.9	-	2,916.6	339.7	7,907.2
Increase/(Decrease) in Net Assets	155.9	-	(287.1)	11.0	(120.2)
Balance at End of Financial Year	4,806.8	-	2,629.5	350.7	7,787.0
Employer Reserves (2)					
Balance at Beginning of Financial Year	5,007.5	1,457.1	17,994.2	3,838.9	28,297.7
Increase/(Decrease) in Net Assets	352.2	41.8	1,251.8	209.7	1,855.0
Balance at End of Financial Year	5,359.7	1,498.9	19,246.0	4,048.6	30,153.2
Death or Invalidity Reserves (3)					
Balance at Beginning of Financial Year	5.2	-	-	-	5.2
Increase/(Decrease) in Net Assets	0.3	-	-	-	0.3
Balance at End of Financial Year	5.5	-	-	-	5.5
Deferred Benefits Reserves (4)					
Balance at Beginning of Financial Year	1,638.1	360.8	-	-	1,998.9
Increase/(Decrease) in Net Assets	252.4	51.2	-	-	303.6
Balance at End of Financial Year	1,890.5	412.0	-	-	2,302.5
Net Assets Available to Pay Benefits	12,062.5	1,910.9	21,875.5	4,399.3	40,248.2

Notes to and forming part of the financial statements
for the year ended 30 June 2015

9. NET ASSETS (Continued)

1. The Member Reserve represents members' accounts that comprise the balance of members' contributions and net investment income earned less benefits paid that are attributed to contributor-financed benefits. Only the contributors under the *State Authorities Superannuation Scheme* are required to pay scheme administration fees.

2. The Employer Reserve represents employers' accounts that comprise the balance of employers' contributions and net investment income earned less benefits paid and scheme administration fees. In addition, the employers are also responsible for the tax liabilities levied on the employers' contributions.

3. The Death or Invalidity Reserve represents accumulated funds available to provide death or invalidity cover to members for the months during which they have public sector employment. The reserve balance is the excess of member premiums over benefits paid.

4. The Deferred Benefit Reserve represents member account balances that, on the election of the member or by default, are to remain with the Fund following the member's exit from employment in the public sector. The deferred benefit of SSS and PSS members has been included in the employer reserve of the respective Schemes.

As described at Note 4 SASS and SASS Deferred members are able to elect an investment strategy.

Balances of the SASS Member Reserve and the Deferred Benefit Reserve in the various investment strategies as recorded in the general ledger at the reporting date are:

	2015				
	Growth $'m	**Conservative $'m**	**Balanced $'m**	**Cash $'m**	**Total $'m**
SASS Member	**4,302.9**	**234.4**	**285.9**	**98.1**	**4,921.3**
Deferred Benefit	**1,978.7**	**258.6**	**245.9**	**70.5**	**2,553.7**
	6,281.6	**493.0**	**531.8**	**168.6**	**7,475.0**

	2014				
	Growth $'m	Conservative $'m	Balanced $'m	Cash $'m	Total $'m
SASS Member	4,198.9	224.2	253.9	129.8	4,806.8
Deferred Benefit	1,819.9	211.2	193.6	77.9	2,302.6
	6,018.8	435.4	447.5	207.7	7,109.4

Notes to and forming part of the financial statements
for the year ended 30 June 2015

10. RECEIVABLES

	2015 $'m	2014 $'m
Contributions Receivable	**15.0**	21.0
Accrued Income	**569.8**	555.7
Margin Call Deposits	**366.1**	172.5
Due from brokers – receivable for securities sold	**46.7**	71.3
Other Receivables	**1.2**	0.3
	998.8	820.8

Within receivables is an impairment allowance of $1,111,110 (2014: $907,197). This allowance relates to amounts due from members or the estates of members where it has been assessed that prospect of the Fund recovering the amount due is reduced.

11. RESERVE UNITS

Reserve Units are units held by certain SSS members. They represent units purchased in advance with an option to convert to full rate units in SSS at any future date. On conversion they are no longer recognised as a liability but as a part of member reserves.

12. PAYABLES

	2015 $'m	2014 $'m
Superannuation Benefits	**46.3**	41.5
Due to brokers – payable for securities purchased	**87.4**	110.0
Investment – Other Creditors	**43.3**	37.5
Provision for Contribution Surcharge	**47.9**	54.0
Amount Payable – SAS Trustee Corporation	**6.1**	6.5
Other Payables	**0.4**	0.9
	231.4	250.4

All payables are within agreed trading terms.

Movements in the Provision for Contribution Surcharge were as follows –

	2015 $'m	2014 $'m
Opening Balance	**54.0**	**62.1**
Add -		
Assessment Received	**(0.3)**	**(0.3)**
Annual indexation	**1.7**	**2.2**
Less -		
Payments made to the Australian Taxation Office	**(7.5)**	**(10.0)**
Closing Balance	**47.9**	**54.0**

Notes to and forming part of the financial statements
for the year ended 30 June 2015

13. ACCRUED BENEFITS

a) Liability for Accrued Benefits

The amount of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Fund for both Defined Benefits and Defined Contributions up to the measurement date.

For Defined Benefit members the figure reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions. The valuation of accrued benefits was undertaken by the independent Scheme actuary as part of the statutorily required triennial actuarial review undertaken as at 30 June 2012. The financial assumptions applied for the calculations were:

	Accrued Benefits 2012 & following years % p.a
Valuation Assumptions	
Investment Return Rate	
- asset backing current pension liabilities	**8.3**
- other	**7.3**
CPI Increase Rate	**2.5**
Salary Increase Rate	**4.0**

Special short-term assumptions have been adopted for the six years following 30 June 2012 with the long-term assumptions applying thereafter. These are:-

- SASS, SANCS & SSS: 2.7% salary increase per annum for 6 years.
- PSS : 3.5% salary increase per annum for 6 years.

The review as at 30 June 2012 indicated that the unfunded liability of the Fund was $18,978.8 million. In addition to the triennial actuarial review referred to above, the actuary also provides yearly estimates at the reporting date.

	2015			2014		
	Accrued Benefits $'m	**Net Assets Available To Pay Benefits $'m**	**Over/ (Under) Funded $'m**	Accrued Benefits $'m	Net Assets Available To Pay Benefits $'m	Over/ (Under) Funded $'m
State Authorities Superannuation Scheme	**14,520.9**	**12,719.4**	**(1,801.5)**	14,232.2	12,062.5	(2,169.7)
State Authorities Non-contributory Superannuation Scheme	**2,382.3**	**1,991.1**	**(391.2)**	2,485.3	1,910.9	(574.4)
State Superannuation Scheme	**32,617.5**	**22,686.4**	**(9,931.1)**	32,176.8	21,875.5	(10,301.3)
Police Superannuation Scheme	**7,034.0**	**4,591.1**	**(2,442.9)**	7,009.8	4,399.3	(2,610.5)
	56,554.7	**41,988.0**	**(14,566.7)**	55,904.1	40,248.2	(15,655.9)

Notes to and forming part of the financial statements
for the year ended 30 June 2015

13. ACCRUED BENEFITS (Continued)

a) Liability for Accrued Benefits (Continued)

The relevant statutes require that all benefits be paid in full as and when they fall due.

b) Movement in the Liability for Accrued Benefits

Accrued benefits increase due to the cost of accruing benefits and the imputed cost of interest, and reduce as benefits are paid, and may vary due to changes in valuation bases and changes in experience from previous assumptions. Based on current estimates, the value of Accrued Benefits will not start to decline until after 2021.

	2015				
	SASS $'m	**SANCS $'m**	**SSS $'m**	**PSS $'m**	**Total $'m**
Balance at Beginning of Financial Year	14,232.2	2,485.3	32,176.8	7,009.8	55,904.1
Benefits Paid (net of surcharge)	(1,335.4)	(271.7)	(2,359.4)	(463.2)	(4,429.7)
Increase in Accrued Benefits	**1,624.1**	**168.7**	**2,800.1**	**487.4**	**5,080.3**
Balance at End of Financial Year	**14,520.9**	**2,382.3**	**32,617.5**	**7,034.0**	**56,554.7**

	2014				
	SASS $'m	SANCS $'m	SSS $'m	PSS $'m	Total $'m
Balance at Beginning of Financial Year	13,652.8	2,527.4	31,651.5	6,852.0	54,683.7
Benefits Paid (net of surcharge)	(1,398.7)	(356.5)	(2,239.2)	(453.8)	(4,448.2)
Increase in Accrued Benefits	1,978.1	314.4	2,764.5	611.6	5,668.6
Balance at End of Financial Year	14,232.2	2,485.3	32,176.8	7,009.8	55,904.1

Notes to and forming part of the financial statements
for the year ended 30 June 2015

14. VESTED BENEFITS

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their Fund membership at the reporting date.

	2015			2014		
	Vested Benefits $'m	**Net Assets Available To Pay Benefits $'m**	**Over/ (Under) Funded $'m**	Vested Benefits $'m	Net Assets Available To Pay Benefits $'m	Over/ (Under) Funded $'m
State Authorities Superannuation Scheme	**15,242.7**	**12,719.4**	**(2,523.3)**	15,066.1	12,062.5	(3,003.6)
State Authorities Non-contributory Superannuation Scheme	**2,852.8**	**1,991.1**	**(861.7)**	2,994.9	1,910.9	(1,084.0)
State Superannuation Scheme	**32,625.1**	**22,686.4**	**(9,938.7)**	32,159.4	21,875.5	(10,283.9)
Police Superannuation Scheme	**6,178.9**	**4,591.1**	**(1,587.8)**	6,058.4	4,399.3	(1,659.1)
	56,899.5	**41,988.0**	**(14,911.5)**	56,278.8	40,248.2	(16,030.6)

Vested benefits exceed net assets at 30 June 2015 and 30 June 2014. STC is working with the NSW Treasury and the Scheme actuary to facilitate the Government's stated objective to fully fund the schemes by 2030.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

15. CONTROLLED ENTITIES

The entities that comprise the Fund economic entity are detailed below. The entities are special purpose trusts (except for SSFSAL) established to hold some of the Fund's unlisted infrastructure and property investments. All controlled entities are either investment entities or not considered to be material and not consolidated into these financial statements.

Parent Entity
SAS Trustee Corporation Pooled Fund

	Activity	Ownership Interest 2015 %	Ownership Interest 2014 %
Controlled Entities			
The following entity is advised by Deutsche Asset Management (Australia) Ltd -			
State Super Financial Services Australia Limited (SSFSAL) [incorporated in Australia]	Financial planning and funds management	**100.0**	100.0
The following entities are managed by AMP Capital Investors Limited –			
Southern Way Unit Trust [established in Australia]	Investment entity	**100.0**	100.0
IPG Unit Trust [established in Australia]	Investment entity	**100.0**	100.0
Alfred Unit Trust [established in Australia]	Investment entity	**100.0**	100.0
Duquesne Utilities Trust [established in Australia]	Investment entity	**100.0**	n/a
The following entities are managed by EG Funds Management Pty Ltd -			
EG Core Plus Fund No. 1 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Holding Trust No. 1 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Holding Trust No. 2 [established in Australia	Investment entity	**79.0**	n/a

Notes to and forming part of the financial statements
for the year ended 30 June 2015

15. CONTROLLED ENTITIES (Continued)

	Activity	Ownership Interest 2015 %	Ownership Interest 2014 %
Controlled Entities			
EG Core Plus Fund No. 1 Holding Trust No. 3 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Holding Trust No. 4 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Holding Trust No. 5 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Holding Trust No. 6 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Ownership Trust No. 1 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Ownership Trust No. 2 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Ownership Trust No. 3 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Ownership Trust No. 4 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Ownership Trust No. 5 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Ownership Trust No. 6 [established in Australia]	Investment entity	**79.0**	n/a
The following entities are managed by Challenger Management Services Limited –			
Pisco STC Funds Unit Trust No.1 [established in Australia]	Investment entity	**100.0**	100.0
Pisco STC Funds Unit Trust No.2 [established in Australia]	Investment entity	**100.0**	100.0

Notes to and forming part of the financial statements
for the year ended 30 June 2015

15. CONTROLLED ENTITIES (Continued)

	Activity	Ownership Interest 2015 %	Ownership Interest 2014 %
Controlled Entities			
The following entities are managed by Deutsche Asset Management (Australia) Limited –			
Valley Commerce Pty Limited [incorporated in Australia]	Dormant	**100.0**	100.0
Buroba Pty Limited [incorporated in Australia]	Dormant	**100.0**	100.0
State Infrastructure Trust [established in Australia]	Investment entity	**100.0**	100.0
State Infrastructure Holdings 1 Pty Ltd [established in Australia]	Investment entity	**100.0**	100.0
The following entities are managed by Whitehelm Capital –			
Gabriel Unit Trust [established in Australia]	Investment entity	**100.0**	n/a
LBC Unit Trust [established in Australia]	Investment entity	**100.0**	n/a
Project Cricket State Super Unit Trust [established in Australia]	Investment entity	**100.0**	n/a
SW Unit Trust [established in Australia]	Investment entity	**100.0**	n/a
The following entity is managed by Macquarie Asset Management Pty Limited –			
A-Train Trust [established in Australia]	Investment entity	**100.0**	n/a

Voting power held in the above entities is the same as the ownership interest.

During the year the Controlled Entities paid dividends and trust distributions to the Parent Entity of $76.5 million (2014: $62.4 million).

Notes to and forming part of the financial statements
for the year ended 30 June 2015

16. TRUSTEE BOARD INFORMATION

The Trustee of the Fund is STC. The names of the Board members of STC in office during the year ended 30 June 2015, the comparative period and up to the date of signing these accounts are as follows:

Mr M Carapiet (term completed 31 March 2015)
Mr A Claassens
Mr R Davis (term completed 31 December 2013)
Mr Nicholas Johnson (term commenced 26 June 2015)
Mr M Lambert (term completed 16 June 2015)
Ms K Moses
Mr T O'Grady
Ms R Ramwell (term commenced 26 June 2015)
Mr P Scully
Mr G Venardos
Ms S Walsh (term completed 24 March 2015)

a) Board Members' Remuneration

All income received or due and receivable by Board members is disclosed in the financial statements of STC.

b) Remuneration received or due and receivable by Board Members and Directors of the Economic Entity from Controlled Entities (refer Note 15 Controlled Entities)

All income received is disclosed in the financial statements of each controlled entity.

c) Transactions entered into during the year with Board Members and their Related Entities

All transactions entered into during the year with Board members and their related entities are disclosed in the financial statements of STC.

17. CONTINGENT LIABILITIES

In managing the investment portfolio the investment managers enter into various types of investment contracts that can give rise to contingent liabilities. Investment contracts are detailed in Note 19.

Two other classes of contingent liabilities potentially exist in relation to either the Trustee in its capacity as Trustee of the Fund, or the Fund itself:

(i) Legal Costs in relation to member benefit entitlement disputes, notified, but not resolved.

(ii) Legal Costs and damages arising from claims relating to the ownership and operation of physical assets.

In both cases it is impractical to estimate the financial effect or the amount of any possible recovery from third parties relating to these contingent liabilities. The Trustee is indemnified out of the assets of the Fund.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

18. SECURITIES LENDING PROGRAM

The Fund participates in a Securities Lending Program managed by the custodian. The Fund received $5.4 million (2014: $4.5 million) fee income from this program, which adds to the Fund's overall yearly return.

At 30 June, the total value of the loaned securities was $1.6 billion (2014: $2.1 billion) while the total value of the collateral was $1.7 billion (2014: $2.2 billion). The lent securities represented approximately 6.1% of the Fund's total investments (2014 approximately 8.7%), which was within the allowable limit of 20% of the lendable assets.

The collateral comprised foreign sovereign securities of $214 million (2014: $137.3 million) and cash of $1.4 billion (2014: $2.0 billion). The collateral is invested in a fund managed by the custodian.

The collateral may only be accessed in the event of default by the borrower of lent securities.

19. FINANCIAL INSTRUMENTS

The Fund is exposed to a variety of risk factors as a result of its investment activities. These risks include –

(a) market risk, including –

1. currency risk
2. interest rate risk
3. price risk

(b) credit risk

(c) liquidity risk.

The Fund's risk management and investment policies are designed to minimise the potential adverse effects of these risks on the Fund's financial performance.

STC has developed, implemented and maintains a Risk Management Framework (RMF) and an anti money laundering and counter terrorism financing program (AML/CTF). The RMF and AML/CTF identify the policies, procedures, processes and controls that comprise the risk management and control systems. These systems address material risks, both financial and non-financial that could potentially be faced by the Fund.

The Fund's assets are invested in accordance with the Fund's investment strategy. STC regularly reviews the investment strategy to ensure the strategy's continued relevance to the Fund's objectives given prevailing investment markets. An objective of the investment strategy is to avoid undue concentrations of risk. STC ensures that the portfolio is diversified across and within asset classes, across investment managers, countries, individual asset types and risk factors.

As required by its governing legislation, the investments of the Fund are managed by specialist fund managers. The activities of the fund managers are governed by investment instructions and investment constraints as set out in documented agreements with the fund managers or, in the case of a unit trust, a trust deed. STC constantly monitors its investment managers to ensure compliance with investment instructions and investment constraints.

For the purpose of these financial statements, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include both primary instruments (such as receivables, payables and equity securities) and derivative instruments (such as financial options, foreign exchange transactions, forward rate agreements and interest rate and currency swaps). Such derivative instruments are used for hedging purposes and to efficiently implement asset allocation changes and manage exposure of the Fund to credit risk and market risk.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

Accounting policies in respect of the Fund's financial instruments are shown below.

Accounting Policies

Recognised Instruments	Accounting policies	Terms and conditions
1. Receivables	Receivables include income receivable and unsettled sales of securities. They are carried at nominal amounts.	Sales of securities are made on various terms for different securities and in different countries. Income receivable is also settled on varying terms depending on the security and country.
2. Futures	Futures are stated at market value using the daily closing price.	The futures are equity futures.
3. Unlisted Trusts	The Net Market Value of Unlisted Trusts is determined on the basis of the withdrawal unit prices as advised by the relevant fund manager.	The terms and conditions are set out in the applicable trust constitution.
4. Unlisted Equity Interests	Unlisted Equity Interests are carried at net market value as determined by independent expert valuers.	The terms and conditions are set out in the applicable entity constitution.
5. Listed Shares and Trusts	Listed shares and trusts are carried at market value, less an amount for selling costs which would be incurred if the investments were sold. The basis for valuation of listed securities is the last sale price quoted at close of business on the last day of the period on the relevant securities exchange. Certain costs incurred in acquiring the investment, such as brokerage and stamp duty, are capitalised in the cost of the investments. Dividend income and trust distributions are recognised on the ex-date.	N/A
6. Bills of exchange and other discount securities	Carried at net market value using market rates as at 30 June.	Average maturity of 48 days with effective interest rates in the range of 1.90% to 2.24%.
7. Promissory Notes	Carried at net market value as at 30 June.	Average maturity of 74 days with an effective interest rates in the of 2.02 to 2.23%.
8. Mortgages	Mortgages are stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	N/A
9. Bank Deposits	Stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	N/A
10. Government Bonds	Carried at net market value based on discounted cash flow.	Government bonds on average mature on 22/05/2025 and have effective interest rates in the range of 0% to 8.75%.
11. Semi Government Bonds	Carried at net market value based on discounted cash flow.	Semi Government bonds on average mature on21/04/2021 and have effective interest rates in the range of 2.50% to 8.00%.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

Accounting Policies (Continued)

Recognised instruments	Accounting policies	Terms and conditions
12. Domestic Bonds	Carried at net market value based on discounted cash flow.	Domestic bonds on average mature on 26/08/2041 and have effective interest rates in the range of 10.00% to 11.00%
13. Options	Options are stated at market value using the daily closing price.	The options are all Exchange Traded options.
14. Investment Purchases	Liabilities are recognised for amounts to be paid for under investment commitments.	Settlement for securities is made in accordance with investment agreements between counterparties.
15. Foreign exchange forward contracts	Foreign exchange forward contracts are undertaken to hedge against adverse foreign exchange movements. Gains or losses on these contracts are recognised through the translation of underlying transactions and/or instruments at hedge rates.	At the end of the reporting period, the Fund had various foreign exchange forward contracts open in its international portfolios.
16. Payables	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund.	Liabilities are settled on receipt of invoices in accordance with terms thereof.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk

Market risk is the risk that changes in factors such as foreign currency exchange rates (currency risk), interest rates (interest rate risk) and equity prices (price risk) will affect the Fund's income or the value of its financial instruments. Through its management of market risk STC seeks to manage and control its market risk exposures to within acceptable parameters while optimising risk adjusted returns.

In managing market risk, STC's fund managers trade in derivatives and securities. The fund managers also incur liabilities in the ordinary course of business. All such transactions are within the investment management mandates granted by STC to its managers.

a.1) Currency Risk

Currency risk is the risk that the net market value of offshore assets and future cash flows derived from existing offshore financial instruments will fluctuate because of changes in foreign exchange rates.

The Fund is exposed to currency risk on financial instruments, receivables and liabilities that are denominated in currencies other than Australian Dollars. The main currencies to which the Fund is exposed are –

- US Dollar (USD)
- Japanese Yen (JPY)
- Euro (EUR)
- Great British Pound (GBP)

The Fund's currency risk is managed in accordance with strict parameters as set out in its investment policy. Under the policy, investments are hedged as follows –

- listed international equities are hedged in the range of 0% to 80%
- listed international property is 100% hedged
- international bonds are hedged in the range of 0% to 100%
- unlisted international property, listed and unlisted international infrastructure and international distressed debt are hedged in the range of 0% to 100%.

STC's two currency overlay managers use a range of counterparties. If a counterparty failed to satisfy its contractual obligation to deliver on a currency hedging contract the Fund would remain exposed to the currency risk being hedged.

The hedging policy has been reviewed during the financial year to refine management of risk factors faced by the Fund through currency risk.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.1) Currency Risk (Continued)

The Fund's total net exposure to fluctuations in foreign currency exchange rates as at the financial year end is –

YEAR ENDED 30 JUNE 2015
NET MARKET VALUE

	USD A$'m	JPY A$'m	EUR A$'m	GBP A$'m	AUD A$'m	Other A$'m	TOTAL A$'m
Financial assets and liabilities at net market value through profit and loss	8,141.0	1,018.0	1,618.0	1,908.0	26,802.4	1,961.0	41,448.4
Cash	-	-	-	-	6.5	-	6.5
Receivables	21.0	1.0	11.0	14.0	943.8	8.0	998.8
Payables	(27.0)	-	(11.0)	(1.0)	(193.1)	-	(232.1)
Plant & Equipment					0.9		0.9
Tax Assets					6.5		6.5
Tax Liabilities					(241.0)		(241.0)
Net Assets	8,135.0	1,019.0	1,618.0	1,921.0	27,326.0	1,969.0	41,988.0

YEAR ENDED 30 JUNE 2014
NET MARKET VALUE

	USD A$'m	JPY A$'m	EUR A$'m	GBP A$'m	AUD A$'m	Other A$'m	TOTAL A$'m
Financial assets and liabilities at net market value through profit and loss	6,811.0	817.0	1,612.0	1,493.0	27,481.9	1,561.0	39,775.9
Receivables	47.0	5.0	14.0	13.0	733.8	8.0	820.8
Payables	(33.0)	-	(7.0)	(12.0)	(179.4)	(19.0)	(250.4)
Plant & Equipment	-	-	-	-	1.0	-	1.0
Tax Assets	-	-	-	-	77.1	-	77.1
Tax Liabilities	-	-	-	-	(176.2)	-	(176.2)
Net Assets	6,825.0	822.0	1,619.0	1,494.0	27,938.2	1,550.0	40,248.2

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.1) Currency Risk (Continued)

The currency risk disclosure reflects the Fund's assets that are subject to active currency management. These assets comprise both directly held investments and most of the assets held indirectly through unit trusts.

Assuming no hedging of international exposures, a 15 per cent strengthening of the Australian Dollar against the following currencies at financial year end would have decreased the monetary assets (ie assets that are units of currency or assets that are to be received in a fixed or determinable number of units of currency) within the Fund's Change in Net Assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In practice, STC partially hedges against the adverse effects of currency movements. The analysis is calculated on the same basis for 2015 and 2014 –

All amounts are in Australian Dollars	**Change in Net Assets 30-Jun-15 $'m.**
USD	(130)
JPY	(2)
EUR	(46)
GBP	(30)
Other	(8)
	(216)

	Change in Net Assets 30-Jun-14 $'m
USD	(121)
JPY	(1)
EUR	(44)
GBP	(21)
Other	(8)
	(195)

Assuming no hedging of international exposures, a 15 per cent weakening of the Australian Dollar against the above currencies at financial year end would have the equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.2) Interest Rate Risk

The Fund's investments in debt and short term money market instruments are subject to interest rate risk and the return on these investments will fluctuate in accordance with movements in the interest rates.

The Fund's exposure to interest rate risk, including contractual repricing or maturity dates (whichever dates are earlier) associated with these financial instruments as at 30 June, are shown in the tables below. All other financial assets and liabilities are non-interest bearing.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.2) Interest Rate Risk (Continued)

YEAR ENDED 30 JUNE 2015 – INTEREST RATE RISK DISCLOSURE

	Floating Interest A$'m	Fixed Interest A$'m	Non Interest Bearing A$'m	Total (per Statement of Net Assets) A$'m
Assets				
Short Term Securities	6,055.9	-	-	6,055.9
Australian Fixed Interest	-	2,576.3	-	2,576.3
International Fixed Interest	-	1,028.2	-	1,028.2
Australian Equities	-	62.7	9,460.3	9,523.0
International Equities	-	-	11,688.3	11,688.3
Property	-	-	3,487.1	3,487.1
Alternatives	156.5	145.5	6,794.1	7,096.1
Receivables	-	-	998.8	998.8
Plant and Equipment	-	-	0.9	0.9
Tax Assets	-	-	6.5	6.5
Total Assets	6,212.4	3,812.7	32,436.0	42,461.1
Liabilities				
Reserve Units	-	-	0.7	0.7
Payables	-	-	231.4	231.4
Tax Liabilities	-	-	241.0	241.0
Total Liabilities	-	-	473.1	473.1
Net Assets	6,212.4	3,812.7	31,962.9	41,988.0

YEAR ENDED 30 JUNE 2014 – INTEREST RATE RISK DISCLOSURE

	Floating Interest A$'m	Fixed Interest A$'m	Non Interest Bearing A$'m	Total (per Statement of Net Assets) A$'m
Assets				
Short Term Securities	5,723.5	-	-	5,723.5
Australian Fixed Interest	-	2,278.5	-	2,278.5
International Fixed Interest	-	881.3	-	881.3
Australian Equities	-	17.9	10,451.0	10,468.9
International Equities	-	-	10,548.1	10,548.1
Property	-	-	3,261.4	3,261.4
Alternatives	149.6	263.5	6,201.9	6,615.0
Receivables	-	-	820.8	820.8
Plant and Equipment	-	-	1.0	1.0
Tax Assets.	-	-	77.1	77.1
Total Assets	5,873.1	3,441.2	31,361.3	40,675.6
Liabilities				
Reserve Units	-	-	0.8	0.8
Payables	-	-	250.4	250.4
Tax Liabilities	-	-	176.2	176.2
Total Liabilities	-	-	427.4	427.4
Net Assets	5,873.1	3,441.2	30,933.9	40,248.2

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.2) Interest Rate Risk (Continued)

The effect of a 175 basis point increase in interest rates for variable rate financial assets and liabilities and a 175 basis point increase in interest rates for fixed interest securities is as follows. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is calculated on the same basis for 2015 and 2014 –

All amounts are in Australian Dollars	**Change in Net Assets 30-Jun-15 $'m**
Fixed Interest	**67**
Floating Interest	**109**
	176

	Change in Net Assets 30-Jun-14 $'m
Fixed Interest	60
Floating Interest	102
	162

A 175 Basis point decrease in interest rates at financial year end would have the equal but opposite effect on the above amounts shown above, assuming that all other variables remains constant.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.3) Price Risk

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment and/or its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's financial instruments are carried at net market value in the Statement of Net Assets and all changes in net market value are recognised in the Statement of Changes in Net Assets, all changes in market conditions will directly affect net assets and changes in net assets.

Price risk is mitigated by the Fund having a formal investment strategy which diversifies the Fund's investments across various sectors, managers, risk factors, asset classes and countries.

The following table illustrates the effect from possible changes in price risk that were reasonably possible based on the risk to which the Fund was exposed. The sensitivity factors were developed by the Fund's Asset Consultant. The analysis is calculated on the same basis for 2015 and 2014 –

All amounts are in Australian Dollars	Change in Price Risk Variable	Change in Net Assets
		30-Jun-15
	+	$'m
Australia	38.3%	8,001
International	38.5%	5,142
Foreign exchange derivatives	15.0%	(2,449)
		10,694

All amounts are in Australian Dollars	Change in Price Risk Variable	Change in Net Assets
		30-Jun-15
	-	$'m
Australia	21.8%	(4,554)
International	21.5%	(2,872)
Foreign exchange derivatives	15.0%	2,449
		(4,977)

	Change in Price Risk Variable	Change in Net Assets
		30-Jun-14
	+	$'m
Australia	38.5%	8,313
International	39.0%	4,307
Foreign exchange derivatives	15.0%	(2,000)
		10,620

	Change in Price Risk Variable	Change in Net Assets
		30-Jun-14
	-	$'m
Australia	21.5%	(4,642)
International	21.0%	(2,319)
Foreign exchange derivatives	15.0%	2,000
		(4,961)

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

b) Credit Risk

Credit (or counterparty) risk is the risk that a counterparty will fail to perform contractual obligations to a financial instrument and cause the Fund to incur a financial loss.

The Fund is exposed to credit risk in the following areas –

- the holding of currency hedging contracts, derivatives, short term securities, Australian fixed interest securities, international fixed interest securities and cash)
- contributions receivable
- accrued income
- margin call deposits
- investment sales.

The Fund's maximum exposure to credit risk at balance date in relation to each of the above listed items is the carrying amount of those assets as stated in the Statement of Net Assets.

For short term securities, Australian fixed interest securities, international fixed interest securities and cash, STC controls credit risk by explicitly setting out in its investment instructions the assets that fund managers may invest in. The restrictions are based around rating agency assessments and/or the securities that make up the relevant industry bench mark for the sector being invested in. For forward foreign exchange contracts, investment managers must deal only with counterparties that have greater than nominated rating agency assessment and are also limited to relative dollar limits with any particular counterparty to ensure that credit risk is well diversified.

Credit risk associated with contributions receivable, margin call deposits and investment sales is minimal as all have a short settlement period and –

- for contributions receivable, employer sponsors are compelled by legislation to make the payments with STC following up instances of non or late payment
- for margin call deposits STC transacts only with counterparties rated as credit worthy by credit rating agencies
- for investment sales, in line with market practice the Fund's custodian does not release the sold assets until full payment has been received from the purchaser.

STC accepts the credit risk for accrued investment income derived from the investments of the Fund. The accrued investment income is recognised as a receivable in the financial statements.

The Fund does not have significant concentrations of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. No individual investment exceeded five percent of the Fund's net assets during the years ended 30 June 2015 or 30 June 2014. Also, STC ensures that in its hedging activities it diversifies its exposure to individual counterparties.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (Continued)

c) Liquidity Risk

Liquidity risk is risk that the Fund will not be able to meet its financial obligations as they fall due.

The relevant statutes require that all benefits be paid in full when they fall due.

In managing liquidity risk STC continuously monitors forecast and actual cash flows, including amounts required to fund its scheme and investment transactions and amounts expected from the Crown. Forecast Fund cash flows are based around the triennial actuarial assessment of the Fund, adjusted for actual cash flows. STC is able to estimate benefit outflows because most members cannot roll out of the Fund at will, but rather must satisfy a condition of release. The Fund maintains banking facilities adequate to allow the payment of its obligations as they fall due.

The Fund's strategic asset allocations target the following allocations to cash –

- DC Growth Option 8.0%
- DC Balanced Option 19.0%
- DC Conservative Option 44.5%
- Trustee Selection 7.5%
- University Diversified 64.0%

Actual allocations were generally greater than these amounts with cash held in the Trustee Selection and DC Growth options averaging around 13.0% and 11.5% during the year. Further, with the exception of alternative investments, other unlisted assets and unlisted property (approximately 25% of the Fund) all other assets are readily convertible to cash.

With the exception of reserve units the Fund's financial liabilities will all be settled within 12 months of 30 June. The ability of the Fund to pay benefits that emerge in the future is part of the Trustee's ongoing discussions with employer sponsors.

20. FAIR VALUE DISCLOSURES

The Statement of Net Assets is prepared in accordance with AAS 25 – *Financial Reporting by Superannuation Plans.* All investment assets are valued at net market values at 30 June. All other assets and other liabilities are recorded at historical cost which, in the opinion of the Trustees, approximates their net market value.

a) Assets and Liabilities by Measurement Hierarchy

For financial reporting net market value measurements are categorised into Level 1, 2 or 3 based on whether inputs to determining net market value are observable and the significance to the measurement. The levels are described as follows –

- Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

- Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

- Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Notes to and forming part of the financial statements
for the year ended 30 June 2015

20. FAIR VALUE DISCLOSURES (Continued)

STC has a valuation policy that sets out how all the Fund's assets are to be valued. The Policy reflects the requirements of APRA Prudential Practice Guide SPG 531 – *Valuation.* Under the policy the value of level 3 assets is –

- for unlisted property; unlisted shares and unlisted infrastructure, determined by manager or STC appointed industry expert valuers using recognised valuation techniques. The most frequently used technique is discounted cash flow. The key inputs to discounted cash flow are
    - discount rates, and
    - cash flows.

  STC uses industry comparisons to assess the validity of discount rates and assesses advice from the responsible external fund manager to ensure the validity of cash flow information.

  STC also uses the value of comparable assets to confirm the valuation result.

  While changing valuation assumptions would affect the valuation result, such changes are unlikely to be material to the financial report of the Fund.

- for distressed debt and hedge funds, determined by independently audited financial statements of the asset holding vehicle.

All disclosures in the following tables use net market value as a materially correct estimate of fair value.

There were no assets transferred between the above levels, including levels one and two, during the year ended 30 June 2015 or the year ended 30 June 2014.

The following tables categorise the Scheme's assets and liabilities using the above valuation hierarchy (excluding the liquidity balances held by the custodian in individual asset classes).

Notes to and forming part of the financial statements
for the year ended 30 June 2015

20. FAIR VALUE DISCLOSURES (Continued)

a) Assets and Liabilities by Measurement Hierarchy (Continued)

YEAR ENDED 30 JUNE 2015

	Level 1 A$'m	Level 2 A$'m	Level 3 A$'m	Total A$'m
Assets				
Short Term Securities	2,443.7	197.8	-	2,641.5
Australian Fixed Interest	30.9	2,624.8	-	2,655.7
International Fixed Interest	(0.1)	1,004.0	-	1,003.9
Australian Equities	9,961.4	445.5	0.1	10,407.0
International Equities	9,963.0	2,040.2	1,007.7	13,010.9
Property	948.2	715.6	1,653.8	3,317.6
Alternatives	622.1	2,266.9	4,281.2	7,170.2
	23,969.2	9,294.8	6,942.8	40,206.8

YEAR ENDED 30 JUNE 2014

	Level 1 A$'m	Level 2 A$'m	Level 3 A$'m	Total A$'m
Assets				
Short Term Securities	1,572.6	880.1	-	2,452.7
Australian Fixed Interest	10.9	2,354.1	-	2,365.0
International Fixed Interest	-	880.5	-	880.5
Australian Equities	11,494.6	241.4	2.5	11,738.5
International Equities	8,172.7	2,770.8	0.1	10,943.6
Property	894.1	712.5	1,676.7	3,283.3
Alternatives	565.4	2,731.1	3,384.6	6,681.1
	22,710.3	10,570.5	5,063.9	38,344.7

The following tables present the changes in assets and liabilities classified as Level 3 instruments for the year ended 30 June.

	2015 A$'m	2014 A$'m
Balance at 1 July	5,063.9	4,416.7
Total gains and losses recognised in Statement of Changes in Net Assets	608.2	217.5
Purchases	1,330.5	5,349
Redemptions/Disposals	(59.8)	(4,919.3)
Balance at 30 June	6,942.8	5,063.9

Notes to and forming part of the financial statements
for the year ended 30 June 2015

20. FAIR VALUE DISCLOSURES (Continued)

a) Assets and Liabilities by Measurement Hierarchy (Continued)

The following table presents the gains and losses on assets and liabilities classified as Level 3 instruments for the year ended 30 June.

	2015 A$'m	2014 A$'m
Assets and liabilities realised during the year	(0.5)	(208.4)
Assets and liabilities still held during the year	608.7	425.9
Total	608.2	217.5

These items are reflected in the Statement of Changes in Net Assets under Investment Revenue.

21. COMMITMENTS

As at 30 June 2015 the Fund had commitments for uncalled additions to existing investments of $373.0 million (2014 $517.4 million). The amounts can be called at the discretion of the fund managers involved and will be funded from the cash holdings of the Fund's diversified investment options.

22. INVESTMENT PERFORMANCE AFTER REPORTING DATE

The Fund's custodian has advised that as at 31 August 2015 the net assets of the Fund were $41,555.1 million. Since 30 June 2015 the Fund's investment options have made a return of approximately –

- DC Growth 0.4%
- DC Balanced 1.1%
- DC Conservative 0.9%
- DC Cash 0.3%
- Trustee Selection 0.3%
- University Diversified 0.4%
- University Cash 0.3%

Notes to and forming part of the financial statements
for the year ended 30 June 2015

23. INVESTMENT MANAGERS OF THE FUND DURING 2015 AND 2014

- Artisan Partners Limited Partnership
- Altrinsic Global Advisors LLC
- AMP Capital Investors Limited
- AQR Capital Management, LLC
- Arrowstreet Capital LP (via Macquarie Investment Management Ltd)
- AXA Investment Management (Singapore) Ltd
- Axiom International Investors LLC
- Balanced Equity Management Pty Limited
- Blackrock Investment Management Australia Limited
- BT Investment Management (Institutional) Limited
- Citigroup Global Markets Australia Limited
- Cooper Investors Pty Limited
- Colonial First State Asset Management (Australia) Limited
- DEXUS Funds Management Limited
- Deutsche Australia Limited
- Ellerston Capital Limited
- EG Funds Management Pty Ltd
- Franklin Templeton Investments Australia Limited
- Genesis Asset Managers, LLP
- Goldman Sachs Australia Pty Ltd
- GMO Australia Limited
- Harris Associates LP
- Hastings Investment Management Pty Limited
- Hexavest Inc.
- Hyperion Asset Management Limited
- Investec Asset Management Limited
- Kaplan Funds Management Pty Limited
- LaSalle Investment Management (via Equity Trustees Limited)
- LaSalle Investment Management (Securities) LP

Notes to and forming part of the financial statements
for the year ended 30 June 2015

23. INVESTMENT MANAGERS OF THE FUND DURING 2015 AND 2014 (Continued)

- Lazard Asset Management Pacific Co
- Macquarie Investment Management Ltd
- Macquarie Specialised Asset Management Limited
- Maple-Brown Abbott Ltd
- Morgan Stanley Investment Management Limited
- New South Wales Treasury Corporation
- Northcape Capital Pty Ltd
- Pareto Investment Management Limited
- Perennial Value Management Limited
- Platypus Asset Management Pty Ltd
- RARE Infrastructure Limited
- Realindex Investments Pty Limited
- ROC Partners
- Schroder Investment Management Australia Limited
- Siguler Guff DOF III GP LLC
- Siguler Guff DOF IV GP LLC
- SG Hiscock & Company Limited
- State Street Bank and Trust Company
- State Street Global Advisors, Australia, Limited
- Trilogy Global Advisors, LP (via Orion Asset Management Services Pty Limited)
- Trilogy Global Advisors, LLC
- UBS Global Asset Management (Australia) Ltd
- Vanguard Investments Australia Ltd
- Wellington Management Australia Pty Ltd
- Whitehelm Capital (formerly known as Access Capital Advisers Pty Limited and Challenger Management Services Limited)

Notes to and forming part of the financial statements
for the year ended 30 June 2015

24. Events After Reporting Date

There have been no other events between 30 June 2015 and the date of approval of these financial statements that would significantly affect the financial statements.

End of Audited Financial Statements

Part H
Financial Statements of the Controlled Entities of the Pooled Fund

STATE SUPER A-TRAIN TRUST
SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

MACQUARIE

Contents

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Mandated Assets Committee's Report

In respect of the year ended 30 June 2015, the following Special Purpose Financial Report for the State Super A-Train Trust ("the Trust") is submitted by the Mandated Assets Committee ("the Committee") of Macquarie Specialised Asset Management Limited ("the Trustee"). The Committee has been delegated this authority by the Directors of Trustee.

Directors

The following persons have held office as Directors of the Trustee during the whole year and up to the date of this report unless disclosed below:

Director	Appointments and/or resignations
Martin Stanley	
Francis Kwok	
Yasmin Allen	Resigned - 9 September 2014
Anthony Shepherd	Appointed - 10 September 2014
Duncan Sutherland	Resigned - 10 June 2015
Penelope Bingham-Hall	Appointed - 10 June 2015
Grant Smith as Alternate Director for Martin Stanley	

There were no units held directly, indirectly or beneficially by Directors at the date of this report.

Principal Activity

The principal activity of the Trust is to invest in the Arlanda Express, a high speed train link between Arlanda Airport and Stockholm City, in accordance with the Trust Constitution.

There were no significant changes in the nature of the Trust's activities during the period not otherwise disclosed in this report.

Review of Operations and Results

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

	1 Jul 2014 - 30 Jun 2015 $'000	30 May 2014- 30 Jun 2014 $'000
Total revenue and other income	**30,131**	112
Profit before amounts attributable to unitholders	**30,131**	57

Dividends

The distributions paid/ payable were as follows:

	2015 $'000	2014 $'000
Distributions paid and proposed during the year		
Interim distribution for the year ended 30 June 2015 of 6.4595 cents per unit paid on 5 August 2014*	16,473	-
Interim distribution for the year ended 30 June 2015 of 6.8230 cents per unit paid on 9 January 2015	17,400	-
Final distribution for the year ended 30 June 2015 payable of 1.1453 cents per unit**	2,921	-
Final distribution for the period ended 30 June 2014 of 0.0223 cents paid on 5 August 2014	-	57
	36,794	57

* The distribution of $16.530 million (6.4818 cents per unit) paid on 5 August 2014 comprised the final distribution for the year ended 30 June 2014 of $0.057 million (0.0223 cents per unit) and an interim distribution for the year ended 30 June 2015 of $16.473 million (6.4595 cents per unit).
** A final distribution for the year ended 30 June 2015 of $2.942 million (1.1536 cents per unit) was paid on 4 August 2015.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Trust that occurred during the period under review.

Events after the Reporting Period

The Trust made a final distribution payment of $2.942 million for the year ended 30 June 2015 and an interim distribution payment of $7.454 million for the year ended 30 June 2016 on 4 August 2015.

At the date of this report, there is no other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust subsequent to 30 June 2015 not otherwise disclosed in this report.

Likely Developments and Expected Results of Operations

Disclosure of information relating to the future developments in the operations and the expected results of these operations in future years of the Trust have not been included in the report because the Committee believe it may result in unreasonable prejudice to the Trust.

Interests in the Trust

The movement in units on issue in the Trust during the period is as set out below:

	As at 30 Jun 2015 Units	As at 30 Jun 14 Units
Units on issue at the beginning of the period	255,018,323	255,018,323
Units on issue at the end of the period	255,018,323	255,018,323

No interests in the Trust were held by the Trustee or its associates during the period (2014: Nil).

Value of Assets

	As at 30 Jun 2015 $'000	As at 30 Jun 14 $'000
Value of Trust assets	251,276	255,075

The value of the Trust's assets is derived using the basis set out in Note 1 to the Special Purpose Financial Report.

Mandated Assets Committee's Report for the year ended 30 June 2015

Rounding of Amounts in the Mandated Assets Committee's Report and Special Purpose Financial Report

Amounts in the Special Purpose Financial Report have been rounded to the nearest thousand dollars unless otherwise indicated.

This report is made in accordance with a resolution of the Mandated Assets Committee.

Francis Kwok
Director

Macquarie Specialised Asset Management Limited as Trustee of State Super A-Train Trust and Chair of the Mandated Assets Committee

Sydney
19 October 2015

Statement of Comprehensive Income

	Note	1 Jul 2014 - 30 Jun 2015 $'000	30 May 2014- 30 Jun 2014 $'000
Revenue and other income			
Revenue	3	170	112
Other Income	3	29,961	-
Total revenue and other income		30,131	112
Operating expenses			
Administration expenses	3	-	55
Total operating expenses		-	55
Profit before amounts attributable to unitholders		30,131	57
Finance costs attributable to unitholders			
Distributions to unitholders	7	(36,794)	(57)
Decrease in net assets attributable to unitholders	8	6,663	-
Profit attributable to unitholders		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

	Note	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	4	42	255,000
Receivables	5	2,897	57
Total current assets		2,939	255,057
Non-current assets			
Financial assets held at fair value through profit or loss	6	248,337	18
Total non-current assets		248,337	18
Total assets		251,276	255,075
Current liabilities			
Distributions payable	7	2,921	57
Total current liabilities		2,921	57
Total liabilities (excluding net assets attributable to unitholders)		2,921	57
Net assets attributable to unitholders - liability	8	248,355	255,018
Reconciliation to net asset value as reported to investors			
Adjustment for withholding tax expense		-	55
Adjustment for distribution payable to unitholders		-	57
Net asset value as reported to investors		248,355	255,130

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Total $'000
Total equity at 30 May 2014	-
Profit attributable to unitholders	-
Other comprehensive income	-
Total comprehensive income	-
Total equity at 30 June 2014	-
Total equity at 1 July 2014	-
Profit attributable to unitholders	-
Other comprehensive income	-
Total comprehensive income	-
Total equity at 30 June 2015	-

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Note	1 Jul 2014 – 30 Jun 2015	30 May 2014- 30 Jun 2014
		$'000	$'000
Cash flows from operating activities			
Interest received from cash and cash equivalents		**226**	-
Distribution received		**17,504**	-
Net cash inflow from operating activities	9	**17,730**	-
Cash flows from investing activities			
Investment in financial assets held at fair value through profit or loss		**(238,758)**	-
Net cash outflow from investing activities		**(238,758)**	-
Cash flows from financing activities			
Proceeds from call on units		**-**	255,000
Distributions paid		**(33,930)**	-
Net cash (outflow) / inflow from financing activities		**(33,930)**	255,000
Net (decrease)/ increase in cash and cash equivalents		**(254,958)**	255,000
Cash and cash equivalents at the beginning of the period		**255,000**	-
Cash and cash equivalents at the end of the period	4	**42**	255,000

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes

1 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of this Financial Report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

This Financial Report covers State Super A-Train Trust ("SAT" or "the Trust") as an individual entity. The entity is a for profit organisation. The Trust is not a reporting entity because there are no users dependent on general purpose financial reports.

This special purpose Financial Report has been prepared for the purposes of complying with the requirements of the Trust's constituent documents to prepare and distribute a special purpose Financial Report to the unitholder and must not be used for any other purpose. The accounting policies adopted are appropriate to meet the needs of the members.

This special purpose Financial Report has not been audited.

Historical cost convention

This Financial Report has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities held at fair value with changes in fair value recognised through the Statement of Comprehensive Income.

(b) Critical accounting estimates and significant judgements

The preparation of Financial Report in accordance with Australian Accounting Standards as adopted by the Trust requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Trust's accounting policies.

The area involving a higher degree of judgement or complexity is the subsequent measurement of investments in financial assets measured at fair value through profit or loss, which are measured at estimated fair value. Refer to note 1(j) and note 6 for further information on the valuation of investments.

(c) Standards, interpretations and amendments to published standards not yet effective

There are no new accounting standards, interpretations or amendments to published standards not yet effective which are expected to have an impact on the Financial Report provided for the Trust.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Report of the Trust are measured using the currency of the primary economic environment in which the Trust operates ("the functional currency"). The Financial Report is presented in Australian dollars, which is SAT's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

1 Summary of Significant Accounting Policies (continued)

(e) Revenue and other income

Gains or losses on financial assets held at fair value through profit or loss represent changes in the fair value of investments and associated interest bearing financial assets. Income relating to these investments is brought to account as described in Note1(j). Interest income on cash and cash equivalents is recognised as it accrues in accordance with the effective interest method.

(f) Expenses

All expenses are recognised on an accrual basis.

(g) Income tax

Income tax has not been brought to account in respect of the Trust as, pursuant to the *Income Tax Assessment Act 1936*, the Trust is not liable for income tax provided that its distributable income is fully distributed to unitholders each year.

Financial assets held at fair value may include unrealised gains. Should such a gain be realised, that portion of the gain that is assessable for tax will be included in the distributable income such that the Trust is not subject to tax on it.

Realised losses are not distributed to unitholders but are retained in the Trust for possible offset against other income or gains.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Receivables

Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at fair value and subsequently measured at amortised cost less any provision for doubtful debts. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end where there is objective evidence of impairment. Bad debts are written off in the period in which they are identified.

(j) Investments in financial assets at fair value through profit or loss

Investments in unlisted companies, including associated loans and interest bearing securities, are designated as "financial assets at fair value through profit or loss" upon initial recognition, as they are managed and their performance evaluated on a fair value basis.

The Trust recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets at fair value through profit or loss are also subsequently measured at fair value. Changes in the fair value of investments, both positive and negative, are recognised in the Statement of Comprehensive Income.

1 Summary of Significant Accounting Policies (continued)

(j) Investments in financial assets at fair value through profit or loss (continued)

Interest, dividends and other distributions received from investments are credited against the carrying value of relevant investments when received.

Changes in the fair value of investments denominated in a foreign currency and classified as "financial assets at fair value through profit or loss" are analysed between translation differences resulting from changes in foreign currency translation of the investment and other changes in the fair value of the investment.

(k) Derivative financial instruments

The Trust enters into forward exchange contracts from time to time.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivates are not designated as hedges and any changes in their fair value are recognised immediately in the Statement of Comprehensive Income.

(l) Payables

Liabilities are recognised at fair value when the Trust becomes obliged to make future payments as a result of a purchase of assets or services, whether or not billed to the Trust.

(m) Unitholders' funds

Each unit is entitled to a pro-rata share of the net assets of the Trust upon its liquidation. Unitholders are presently entitled at the end of the year to distributable income of the Trust for that year. Accordingly, net assets attributable to unitholders are classified as a financial liability rather than equity, and is presented as a non-current liability called "Net Assets Attributable to Unitholders", which is measured at fair value.

(n) Distributions

Distributions paid are recognised as finance costs attributable to unitholders.

A provision for distribution to unitholders at the end of the year is made to the extent that any obligation exists at that time pursuant to the Trust constituent documents to pay distributions to unitholders.

(o) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(p) Rounding of amounts in the Financial Report

Amounts in the Financial Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

2 Trust Formation and Termination

The Trust was established on 30 May 2014 and the Trustee at any time may, with the consent of the unitholders, terminate the Trust by written notice to them with effect from the termination date as specified in the notice. The unitholders may also terminate the Trust in accordance with the Trust constituent documents.

3 Profit for the Period

	1 Jul 2014 - 30 Jun 2015 $'000	30 May 2014 - 30 Jun 2014 $'000
Revenue		
Interest income	170	112
	170	112
Other income		
Revaluation of Ipanema Capital Markets S.a.r.l	29,961	-
	29,961	-
Total revenue and other income	30,131	112
Administration expenses		
Withholding tax expense	-	55
	-	55
Total operating expenses	-	55

4 Cash and Cash Equivalents

	2015 $'000	2014 $'000
Cash at bank	42	255,000
	42	255,000

5 Receivables

	2015 $'000	2014 $'000
Distribution receivable	2,897	-
Other receivables	-	57
	2,897	57

6 Financial Assets Held at Fair Value through Profit or Loss

On 9 July 2014, the Trust acquired a 37.5% interest in the Arlanda Express ("Arlanda"), a high speed train link between Arlanda Airport and Stockholm City. The Trust made its investment in Arlanda through Portare 1AB ("Portare") where a combination of an equity, made through Ipanema Capital Markets S.a.r.l ("Ipanema"), and shareholder loans were provided. During the year, an independent valuation specialist was engaged to provide valuations of the investment held by the Trust, including the valuation adopted by the Trust as at 30 June 2015. Discounted cash flow ("DCF") analysis was the methodology applied by the independent valuation specialist which is the generally accepted methodology for valuing infrastructure assets and the basis upon which market participants have derived valuations for infrastructure asset transactions. DCF is the process of estimating future cash flows that are expected to be generated by an asset, and discounting these cash flows to their present value by applying an appropriate discount rate. The discount rate applied to cash flows of a particular asset comprises the risk free interest rate appropriate to the country in which the asset is located and a risk premium, reflecting the uncertainty associated with the cash flows and/or the return over the risk free rate which an investor would require on the asset. The risk free rate is determined using the yields on long dated government bonds in the relevant jurisdiction at the valuation date.

Movements in Value of Investments

2015	Ownership interest	Opening balance	Additional investments made	Distributions received/ receivable	Net gains on financial assets Foreign exchange effects	Net gains on financial assets Revaluation	Closing balance
		$'000	$'000	$'000	$'000	$'000	$'000
Ipanema and Portare	**100.0% in Ipanema and 37.5% in Portare (on a look through basis)**	**18**	**238,773**	**(20,416)**	**(379)**	**30,341**	**248,337**

2014	Ownership interest	Opening balance	Additional investments made	Distributions received/ receivable	Net gains on financial assets Foreign exchange effects	Net gains on financial assets Revaluation	Closing balance
		$'000	$'000	$'000	$'000	$'000	$'000
Ipanema	100.0%	-	18	-	-	-	18

7 Distributions Paid and Payable to Unitholder

The distributions paid/ payable were as follows:

	2015 $'000	2014 $'000
Balance at the beginning of the year	**57**	-
Provided for during the year	**36,794**	57
Paid during the year	**(33,930)**	-
Balance at the end of the year	**2,921**	57
Distributions paid and proposed during the year		
Interim distribution for the year ended 30 June 2015 of 6.4595 cents per unit paid on 5 August 2014*	**16,473**	-
Interim distribution for the year ended 30 June 2015 of 6.8230 cents per unit paid on 9 January 2015	**17,400**	-
Final distribution for the year ended 30 June 2015 payable of 1.1453 cents per unit**	**2,921**	-
Final distribution for the period ended 30 June 2014 of 0.0223 cents paid on 5 August 2014	**-**	57
	36,794	57

* The distribution of $16.530 million (6.4818 cents per unit) paid on 5 August 2014 comprised the final distribution for the year ended 30 June 2014 of $0.057 million (0.0223 cents per unit) and an interim distribution for the year ended 30 June 2015 of $16.473 million (6.4595 cents per unit).

** A final distribution for the year ended 30 June 2015 of $2.942 million (1.1536 cents per unit) was paid on 4 August 2015.

8 Net Assets Attributable to Unitholders

	2015 $'000	2014 $'000
Balance at the beginning of the year	**255,018**	-
Proceeds from call on units and issue of units	-	255,018
Decrease in net assets attributable to unitholders	**(6,663)**	-
Balance at the end of the year	**248,355**	255,018

9 Notes to the Statement of Cash Flows

	2015 $'000	2014 $'000
Reconciliation of profit to net cash flow from operating activities		
Profit attributable to unitholders	-	-
Decrease in net assets attributable to unitholders	**(6,663)**	-
Gains on financial assets held at fair value through profit or loss	**(29,962)**	-
Distributions to unitholders	**36,794**	57
Distributions received	**17,504**	-
Net change in receivables	**57**	(57)
Net cash inflow from operating activities	**17,730**	-

Non-cash financing and investing activities

The Trust did not have any non-cash financing and investing activities in the current year. During the previous year ended 30 June 2014 non-cash financing and investing activities amounted to $18,323.

10 Events After the Reporting Period

The Trust made a final distribution payment of $2.942 million for the year ended 30 June 2015 and an interim distribution payment of $7.454 million for the year ended 30 June 2016 on 4 August 2015.

At the date of this report, there is no other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust subsequent to 30 June 2015 not otherwise disclosed in this report.

Special Purpose Financial Report for the year ended 30 June 2015

Statement by the Trustee of State Super A-Train Trust

As stated in Note 1(a) to the Special Purpose Financial Report, the Trust is not considered a reporting entity because there are no users dependent on general purpose financial reports.

The Special Purpose Financial Report has been prepared to meet the requirements of the Trust's constituent documents.

The Report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1.

Upon delegation by the Trustee Board to the Mandated Assets Committee, the Committee is satisfied that:

(a) the Special Purpose Financial Report and notes set out on pages 4 to 13:

  (i) comply with Accounting Standards and other mandatory professional reporting requirements as detailed above, and

  (ii) give a true and fair view of the Trust's financial position as at 30 June 2015 and of its performance for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Mandated Assets Committee.

Francis Kwok
Director

Macquarie Specialised Asset Management
Limited as Trustee of State Super A-Train Trust
and Chair of the Mandated Assets Committee

Sydney
19 October 2015

ALFRED UNIT TRUST

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

AMP Capital Investors Limited
33 Alfred Street,
Sydney, NSW 2000
ACN 001 777 591

ALFRED UNIT TRUST

TABLE OF CONTENTS

ALFRED UNIT TRUST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	30 June 2015 $	30 June 2014 $
INVESTMENT INCOME		
Dividends	4,375,000	3,850,000
Interest income	665,672	830,782
Net changes in the fair value of financial instruments measured at fair value through profit or loss	18,605,195	29,701,625
Total investment income/(loss)	23,645,867	34,382,407
EXPENSES		
Other expenses	(11)	(100)
Total expenses	(11)	(100)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS	23,645,856	34,382,307
Finance costs attributable to unitholders		
Distributions to unitholders	(5,040,761)	(4,680,494)
(Increase)/decrease in net assets attributable to unitholders	(18,605,095)	(29,701,813)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS	-	-
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	-	-

ALFRED UNIT TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	30 June 2015 $	30 June 2014 $
ASSETS			
Cash and cash equivalents	5(a)	2,789,897	1,566,873
Receivables	3	223	346
Loans and advances		7,356,548	7,356,548
Financial assets measured at fair value through profit or loss			
Unlisted equity securities		153,943,611	135,338,416
TOTAL ASSETS		164,090,279	144,262,183
LIABILITIES			
Distribution payable		2,789,932	1,566,931
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		2,789,932	1,566,931
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		161,300,347	142,695,252

ALFRED UNIT TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	$	$
Balance at the beginning of the financial year	142,695,252	112,993,439
Increase/(decrease) in net assets attributable to unitholders	18,605,095	29,701,813
Balance at the end of the financial year	161,300,347	142,695,252

ALFRED UNIT TRUST

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	30 June 2015 $	30 June 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		4,375,000	3,850,000
Interest received		665,796	830,436
GST received/(paid)		(1)	-
Other expenses paid		(11)	-
Net cash inflow/(outflow) from operating activities	5(b)	5,040,784	4,680,436
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(3,817,760)	(3,113,563)
Net cash inflow/(outflow) from financing activities		(3,817,760)	(3,113,563)
Net increase/(decrease) in cash and cash equivalents held		1,223,024	1,566,873
Cash and cash equivalents at the beginning of the financial year		1,566,873	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5(a)	2,789,897	1,566,873

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Trust Information

The Alfred Unit Trust (the "Trust") is an unregistered unit trust. AMP Capital Investors Limited, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at 33 Alfred Street, Sydney, NSW 2000.

The Investment Manager of the Trust is AMP Capital Investors Limited, a subsidiary of AMP Limited.

The principal activity of the Trust during the financial year was the investment of unitholders' funds in accordance with the Trust Deed. There has been no significant change in the nature of this activity during the financial year.

(b) Basis of Preparation

This special purpose Financial Report has been prepared for distribution to the unitholders to fulfill the financial reporting requirements under the Trust Deed. In the opinion of the Trustee, the Trust is not deemed to be a "reporting entity" because there are no users dependent on a general purpose Financial Report.

The Financial Report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Trustee to meet the needs of users of the Financial Report. The Financial Report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders which may not be settled within 12 months. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss have been classified as held for trading as they are part of a portfolio which is managed for short-term gains. Financial assets are initially recognised at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Unlisted equity securities

When the Trust invests in unlisted equity securities, the fair value of the unlisted equity securities is determined by the Investment Manager using the discounted cash flow methodology.

(d) Loans and Advances

Loans and advances include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and advances are initially recognised at fair value and are subsequently remeasured to amortised cost using the effective interest method, less any allowances for impairment. Amortised cost is determined by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest method. Ongoing reviews of asset values are conducted to assess for any indicators of impairment during the financial year. Where the carrying value exceeds the recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Trust's investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments is set out in Note 1(b) and 1(c) respectively.

Impairment of financial assets

The Trust assesses at each balance date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(f) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend income

Dividends from unlisted companies are recognised when the dividend is received.

Interest income

Interest income earned on cash and cash equivalents is recognised on an accruals basis.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(g) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(h) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Trustee's option and which the Trustee uses in its day to day management of the Trust's cash requirements.

(j) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at their nominal amounts. An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Bad debts are written off when identified less any allowance for doubtful debts. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves and are classified as financial liabilities and not as equity because the Trustee has a contractual obligation to pay distributable income of the Trust to unitholders and units are redeemable at the unitholders' option (subject to the provisions of the Trust Deed). As there are no equityholders, total comprehensive income attributable to unitholders and equity for the Trust is nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of financial assets and derivative financial instruments. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if unitholders exercised their right to redeem their units. The Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders.

(l) Taxation

Under current legislation, the Trust is not liable to pay income tax since, under the terms of the Trust Deed, the unitholders are presently entitled to the income of the Trust.

(m) Distributable Income

In accordance with the Trust Deed, the Trust fully distributes its distributable income to unitholders each tax year. Such distributions are determined by reference to the taxable income of the Trust. Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributable income includes capital gains arising from the disposal of assets.

Distributable income does not include unrealised gains and losses arising from changes in the fair value of financial assets and derivative financial instruments; accrued income not yet assessable; expenses provided for or accrued but not yet deductible; tax free or deferred income and realised capital losses which are retained to offset future realised capital gains.

(n) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Trust, is the Australian dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

(o) Terms and Conditions of Units on Issue

Issued and paid up units are initially recognised at the fair value of the consideration received by the Trust.

Each unit confers upon the unitholder an equal interest in the Trust (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset of the Trust.

Unitholders have various rights under the Trust Deed, including the right to:

– have their units redeemed

– receive income distributions

– attend and vote at meetings of unitholders

– participate in the termination and winding up of the Trust

Applications received for units in the Trust are recognised net of any transaction costs arising on the issue of units in the Trust. Redemptions from the Trust are recognised gross of any transaction costs payable after the cancellation of units redeemed. Unit exit prices are determined in accordance with the Trust Deed and are calculated on a forward pricing basis as the redemption price per unit less any estimated transaction costs.

(p) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recognised with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financial activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

NOTE 2: AUDITOR'S REMUNERATION

Auditor's remuneration for the audit of the Financial Statements of the Trust has been paid by AMP Capital Investors Limited.

	30 June 2015	30 June 2014
	$	$
NOTE 3: RECEIVABLES		
Interest receivable	222	346
GST receivable	1	-
	223	346

	30 June 2015	30 June 2014
	Units	Units
NOTE 4: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
The movement in the number of units on issue during the financial year was as follows:		
Units on Issue		
Opening balance	87,724,277	87,724,277
Closing balance	87,724,277	87,724,277

	30 June 2015	30 June 2014
	$	$
NOTE 5: CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is linked to the related item in the Statement of Financial Position as follows:		
Cash at bank	2,789,897	1,566,873
	2,789,897	1,566,873
(b) Reconciliation of net profit/(loss) attributable to unitholders before finance costs to net cash inflow/(outflow) from operating activities		
Net profit/(loss) attributable to unitholders before finance costs	23,645,856	34,382,307
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(18,605,195)	(29,701,625)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	123	(246)
Net cash inflow/(outflow) from operating activities	5,040,784	4,680,436

NOTE 6: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2015 (30 June 2014: nil) other than those specified in the Financial Report.

NOTE 7: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 30 June 2015 there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

NOTE 8: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the Alfred Unit Trust for the financial year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors of AMP Capital Investors Limited on 9 September 2015.

ALFRED UNIT TRUST

STATEMENT BY THE TRUSTEE

As stated in Note 1(b) to the Financial Statements, in the Trustee's opinion, the Trust is not a "reporting entity".

In accordance with a resolution of the Directors of AMP Capital Investors Limited, the Trustee, I state that in the opinion of the Directors of the Trustee:

(a) The Financial Statements and notes are in accordance with the requirements of the Trust Deed, and:

  (i) are properly drawn up so as to present fairly the Trust's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

  (ii) comply with Australian Accounting Standards, as set out in Note 1(b) to the Financial Statements.

(b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Director

9 September 2015, Sydney

BUROBA PTY LTD

A.C.N. 065 388 150

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Contents:	**Page No.**

INDEPENDENT AUDITOR'S REPORT

Buroba Pty Ltd

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Buroba Pty Ltd (the Company), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

The Directors' Responsibility for the Financial Statements

The Directors are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

James Sugumar
Director, Financial Audit Services

17 August 2015
SYDNEY

BUROBA PTY LTD

A.C.N. 065 388 150

DIRECTOR'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I declare on behalf of Buroba Pty Ltd that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Buroba Pty Ltd as at 30 June 2015.

2. The financial statements have been prepared in accordance with the Australian Accounting standards, the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010.*

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 13th day of August 2015 in accordance with a resolution of the Directors.

Director ....
Name: SARA CEONG

Director ....
Name: ANDREW BARLASS

BUROBA PTY LTD

A.C.N. 065 388 150

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Revenues		-	-
Expenses		-	-
Profit from Continuing Operations before Income Tax		-	-
Income tax expense		-	-
Profit for the year		-	-
Other comprehensive income		-	-
Income tax expense on other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BUROBA PTY LTD

A.C.N. 065 388 150

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 $	2014 $
Current Assets			
Cash and Cash Equivalents		2	2
Total assets		2	2
Total liabilities		-	-
Net assets		2	2
Equity			
Contributed Equity	4	2	2
Total equity		2	2

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

BUROBA PTY LTD

A.C.N. 065 388 150

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Total equity at the beginning of the financial year		2	2
Other comprehensive income		-	-
Profit for the year		-	-
Total comprehensive income for the year		-	-
Transactions with equity holders in their capacity as equity holders		-	-
Total transactions with equity holders		-	-
Total equity at the end of the financial year		2	2

The above Statement of Changes In Equity should be read in conjunction with the accompanying notes.

BUROBA PTY LIMITED

A.C.N. 065 388 150

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	$	$
Cash flows from operating activities		
Net cash flows from operating activities	-	-
Cash flows from investing activities		
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Net cash flows from activities	-	-
Cash and cash equivalents at the beginning of the financial year	2	2
Cash and cash equivalents at the end of the financial year	2	2

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

BUROBA PTY LTD

A.C.N. 065 388 150

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2015

1. Principal Activity

Buroba Pty Ltd (the Company) has been dormant during the twelve months ended 30 June 2015 and the twelve months ended 30 June 2014.

The Company is 100% owned by its parent entity, SAS Trustee Corporation (STC). The Company is a special purpose company set up to be able to enforce the coal royalty rights owned by STC.

The Directors have determined the Company to be a for-profit entity for financial reporting purposes.

The financial statements were authorised by the Directors on 13th August 2015.

2. Significant Accounting Policies

Basis of Accounting

The Company's financial statements are general purpose financial statements, which have been prepared on an accrual basis and in accordance with:

- *the Public Finance and Audit Act 1983*
- *the Public Finance and Audit Regulation 2010*
- applicable Australian Accounting Standards and Australian Accounting Interpretations

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest dollar and are expressed in Australian currency.

Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

Revenue Recognition

Revenue is recognised when the entity has control of the good or right to receive, it is probable that the economic benefits will flow to the entity and the amount of revenue can be measured reliably.

Employee Benefits

The Company has no employees.

BUROBA PTY LTD

A.C.N. 065 388 150

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2015**

Notes to the Financial Statements (continued)

Insurance

The Company has no insurance activities.

Accounting for the Goods and Services Tax (GST)

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

- The amount of GST incurred as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables and payables are stated with the amount of GST included.

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

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

Acquisition of Assets

The Company has not acquired any assets.

Plant and Equipment

The Company has no plant and equipment.

Depreciation of Non-Current Property, Plant and Equipment

The Company has no non-current property, plant and equipment.

Maintenance and Repairs

No maintenance and repairs were undertaken during the financial year.

Receivables

Receivables are recognised at amortised cost less impairment. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Payables

These amounts represent liabilities for goods and services provided to the Company and other amounts, including interest. Interest is accrued over the period it becomes due.

BUROBA PTY LTD

A.C.N. 065 388 150

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2015

Notes to the Financial Statements (continued)

3. Auditor's Remuneration

	30 June 2015 $	30 June 2014 $
Total amount payable to the auditors of the company for:		
(a) Audit of the financial statements	3,000	2,400
(b) Other services	-	-
	3,000	2,400

Audit Fees of the Company are paid by the parent entity of the Company – SAS Trustee Corporation (STC).

The auditor of the Company is The Audit Office of NSW.

4. Contributed Equity

Contributed equity comprises issued capital of 2 shares at $1.00 each, the same in 2014.

BUROBA PTY LTD

A.C.N. 065 388 150

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2015

Notes to the Financial Statements (continued)

5. Contingent Liabilities

There are no contingent liabilities as at 30 June 2015 for Buroba Pty Ltd (2014: nil).

6. Commitments for Expenditure

The Company has no commitment for expenditure as at the date of this report (2014: nil).

7. Financial Reporting by Segments

The Company continues to operate in one geographical area being NSW, Australia.

8. Key Management Personnel Compensation

	30 June 2015 $	30 June 2014 $
Total due and payable by the Company during the year	-	-

9. Related Party Information

(a) From 15 July 1997 the parent entity is SAS Trustee Corporation.

(b) The names of the Directors of the Company in office during the year ended 30 June 2015 and up to the date of signing these financial statements are as follows:

- Jeremy Don (resigned 23 July 2015)
- Sara Leong (appointed 23 July 2015)
- Andrew Barlass (appointed 23 July 2015)

BUROBA PTY LTD

A.C.N. 065 388 150

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2015**

Notes to the Financial Statements (continued)

Material Assistance Provided at no cost to the Company

	30 June 2015 $	30 June 2014 $
Provided by STC:		
• Lodgement fees	236	230
• Audit fees	3,000	2,400
	3,236	2,630

It is not possible to quantify the value of specific assistance provided by staff of Deutsche Australia Limited in relation to administrative, accounting and legal support.

End of Audited Financial Statements.

DUQUESNE UTILITIES TRUST

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

STC Funds Nominee Pty Ltd
Lvl 16, 83 Clarence St
Sydney 2000
ACN 124 181 728

TABLE OF CONTENTS

DUQUESNE UTILITIES TRUST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	30 June 2015 US$	30 June 2014 US$
INVESTMENT INCOME			
Dividends		5,228,082	5,059,425
Net changes in the fair value of financial instruments measured at fair value through profit or loss		1,135,413	(3,999,952)
Total investment income/(loss)		6,363,495	1,059,473
EXPENSES			
Other expenses		(67)	-
Total expenses		(67)	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS		6,363,428	1,059,473
Finance costs attributable to unitholders			
Distributions to unitholders		(5,227,815)	(5,059,425)
(Increase)/decrease in net assets attributable to unitholders		(1,135,613)	3,999,952
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-

DUQUESNE UTILITIES TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	30 June 2015 US$	30 June 2014 US$
ASSETS			
Cash and cash equivalents	3(a)	1,771,241	-
Financial assets measured at fair value through profit or loss			
Unlisted equity securities		93,622,377	92,486,964
TOTAL ASSETS		95,393,618	92,486,964
LIABILITIES			
Distribution payable		1,771,041	-
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		1,771,041	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		93,622,577	92,486,964

DUQUESNE UTILITIES TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	US$	US$
Balance at the beginning of the financial year	92,486,964	96,486,916
	92,486,964	96,486,916
Increase/(decrease) in net assets attributable to unitholders	1,135,613	(3,999,952)
Balance at the end of the financial year	93,622,577	92,486,964

DUQUESNE UTILITIES TRUST

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	30 June 2015 US$	30 June 2014 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		5,228,082	5,059,425
Other expenses paid		(67)	-
Net cash inflow/(outflow) from operating activities	3(b)	5,228,015	5,059,425
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(3,456,774)	(5,059,425)
Net cash inflow/(outflow) from financing activities		(3,456,774)	(5,059,425)
Net increase/(decrease) in cash and cash equivalents held		1,771,241	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3(a)	1,771,241	-

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Trust Information

The Duquesne Utilities Trust (the "Trust") is an unregistered unit trust. STC Funds Nominee Pty Ltd, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at Lvl 16, 83 Clarence St Sydney 2000.

The Investment Manager of the Trust is AMP Capital Investors Limited, a subsidiary of AMP Limited.

The principal activity of the Trust during the financial year was the investment of unitholders' funds in accordence with the Trust Deed. There has been no significant change in the nature of this activity during the financial year.

(b) Basis of Preparation

This special purpose Financiel Report has been prepared for distribution to the unitholders to fulfill the financial reporting requirements under the Trust Deed. In the opinion of the Trustee, the Trust is not deemed to be a "reporting entity" because there are no users dependent on a general purpose Financial Report.

The Financial Report has been prepared in eccordance with the recognition end measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Trustee to meet the needs of users of the Financial Report. The Financial Report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders which may not be settled within 12 months. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

The Trust's financial statements are presented in US Dollars, which is also the Trust's functional currency. Prior year financials were presented in Australian Dollars. The comparative information have been represented in the current year financiels in US dollars.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss have been classified as held for trading as they are part of a portfolio which is managed for short-term gains. Financial assets are initially recognised at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurament to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Unlisted equity securities

The fair value of unlisted equity securities is determined by the Investment Manager using tha discounted cash flow methodology. This methodology has been approved by the Trustee.

(d) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Trust's investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets is set out in Note 1(c).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend income

Dividends from unlisted companies are recognised when the dividend is received.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(f) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(g) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(h) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Trustee's option and which the Trustee uses in its day to day management of the Trust's cash requirements.

(i) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves and are classified as financial liabilities and not as equity because the Trustee has a contractual obligation to pay distributable income of the Trust to unitholders and units are redeemable at the unitholders' option (subject to the provisions of the Trust Deed). As there are no equityholders, total comprehensive income attributable to unitholders and equity for the Trust is nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of financial assets and derivative financial instruments. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if unitholders exercised their right to redeem their units. The Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders.

(j) Taxation

Under current legislation, the Trust is not liable to pay income tax since, under the terms of the Trust Deed, the unitholders are presently entitled to the income of the Trust.

(k) Distributable Income

In accordance with the Trust Deed, the Trust fully distributes its distributable income to unitholders each tax year. Such distributions are determined by reference to the taxable income of the Trust. Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributable income includes capital gains arising from the disposal of assets.

Distributable income does not include unrealised gains and losses arising from changes in the fair value of financial assets and derivative financial instruments; accrued income not yet assessable; expenses provided for or accrued but not yet deductible; tax free or deferred income and realised capital losses which are retained to offset future realised capital gains.

(l) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Trust, is the US dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to US dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to US dollars using the exchange rate at the date when the fair value was determined.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Terms and Conditions of Units on Issue

Issued and paid up units are initially recognised at the fair value of the consideration received by the Trust.

Each unit confers upon the unitholder an equal interest in the Trust (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset of the Trust.

Unitholders have various rights under the Trust Deed, including the right to:

– have their units redeemed

– receive income distributions

– attend and vote at meetings of unitholders

– participate in the termination and winding up of the Trust

Applications received for units in the Trust are recognised net of any transaction costs arising on the issue of units in the Trust. Redemptions from the Trust are recognised gross of any transaction costs payable after the cancellation of units redeemed. Unit exit prices are determined in accordance with the Trust Deed and are calculated on a forward pricing basis as the redemption price per unit less any estimated transaction costs.

(n) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recovereble from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recognised with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financial activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

	30 June 2015 Units	30 June 2014 Units
NOTE 2: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
The movement in the number of units on issue during the financial year was as follows:		
Units on Issue		
Opening balance	88,368,268	88,368,268
Closing balance	88,368,268	88,368,268

	30 June 2015 US$	30 June 2014 US$
NOTE 3: CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is linked to the related item in the Statement of Financial Position as follows:		
Cash at bank	1,771,241	-
	1,771,241	-
(b) Reconciliation of net profit/(loss) attributable to unitholders before finance costs to net cash inflow/(outflow) from operating activities		
Net profit/(loss) attributable to unitholders before finance costs	6,363,428	1,059,473
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(1,135,413)	3,999,952
Changes in assets and liabilities:		
Net cash inflow/(outflow) from operating activities	5,228,015	5,059,425

NOTE 4: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2015 (30 June 2014: nil) other than those specified in the Financial Report.

NOTE 5: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 30 June 2015 there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

NOTE 6: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the Duquesne Utilities Trust for the financial year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors of STC Funds Nominee Pty Ltd on 9 September 2015.

DUQUESNE UTILITIES TRUST

STATEMENT BY THE TRUSTEE

As stated in Note 1(b) to the Financial Statements, in the Trustee's opinion, the Trust is not a "reporting entity".

In accordance with a resolution of the Directors of STC Funds Nominee Pty Ltd, the Trustee, I state that in the opinion of the Directors of the Trustee:

(a) The Financial Statements and notes are in accordance with the requirements of the Trust Deed, and:

   (i) are properly drawn up so as to present fairly the Trust's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

   (ii) comply with Australian Accounting Standards, as set out in Note 1(b) to the Financial Statements.

(b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Director

21 October 2015, Sydney

EG Core Plus Fund No.1 (Head Trust)

Annual financial report - 30 June 2015

Contents

EG Core Plus Fund No.1 (Head Trust)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Notes	2015 $	2014 $
Revenue	3	87,589	27,157
Administration expenses		(114,213)	(296,638)
Management fees		(1,488,194)	(514,932)
Loss before income tax expense for the year	4	(1,514,818)	(784,413)
Income tax expense		-	-
Loss after income tax for the year attributable to the unit holders		(1,514,818)	(784,413)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the unit holders		**(1,514,818)**	**(784,413)**

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

EG Core Plus Fund No.1 (Head Trust)
Statement of financial position
As at 30 June 2015

	Notes	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	5	187,119	2,639,523
Trade and other receivables	6	185,500	66,605
Total current assets		372,769	2,706,128
Non-current assets			
Investments	7	107,075,000	10,445,000
Total non-current assets		107,075,000	10,445,000
Total assets		107,447,769	13,151,128
Liabilities			
Current liabilities			
Trade and other payables	8	34,500	48,041
Total current liabilities		34,500	48,041
Total liabilities		34,500	48,041
Net assets		**107,413,269**	**13,103,087**
Equity			
Unit capital	9	107,312,500	13,887,500
Retained earnings/ (accumulated losses)	10	100,769	(784,413)
Total equity		**107,413,269**	**13,103,087**

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

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 (Head Trust) (referred to hereafter as 'the Trust') for the year ended 30 June 2015. The Trust was established by Trust Deed dated 17 February 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 (Head Trust) is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

Note 2. Summary of significant accounting policies (continued)

(f) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(g) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(h) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(i) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(j) Comparatives
The Trust was established on 17 February 2014 and as such, the comparatives reflect the period 17 February 2014 to 30 June 2014.

EG Core Plus Fund No.1 (Head Trust)
Notes to the financial statements
For the year ended 30 June 2015

Note 3. Revenue

	2015 $	2014 $
Interest revenue	87,589	27,157

Note 4. Expenses

	2015 $	2014 $
Profit/ (loss) before income tax includes the following specific expenses:		
Auditors remuneration:		
Audit of the financial report	22,500	13,000
Other services:	13,578	9,500
	36,078	22,500

Note 5. Current assets - Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	187,119	2,639,523

Note 6. Current assets – Trade and other receivables

	2015 $	2014 $
Other receivables	185,650	65,023
Prepayments	-	1,582
	185,650	66,605

Note 7. Non-current assets – Investments

	2015 $	2014 $
Units in EG Core Plus Fund No. 1 Ownership Trust No. 1 - at cost	107,075,000	10,445,000

Note 8. Trade and other payables

	2015 $	2014 $
Trade payables	-	14,541
Other payables	34,500	33,500
	34,500	48,041

Note 9. Unit capital

	2015 Number	2014 Number	2015 $	2014 $
Ordinary units	107,075,000	13,887,500	107,075,000	13,887,500

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2014	13,887,500		13,887,500
Issue of units	93,187,500	$1.00	93,187,500
Balance at 30 June 2015	107,075,000		107,075,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Fund in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Retained earnings / (accumulated losses)

Movements in accumulated losses during the financial period are as follows:

	2015 $	2014 $
Accumulated losses at the beginning of the period	(784,413)	-
Loss after income tax expense for the period	(1,514,818)	(784,413)
Distributions	2,400,000	
Retain earnings/ (accumulated losses) at the end of the period	100,769	(784,413)

Note 11. Trust details

(a) The Trust

The Trust was officially established on 17 February 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 16 February 2094.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited. The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No.1 (Head Trust)
Fund manager's declaration
For the year ended 30 June 2015

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Holding Trust No.1

Annual Report -
For the period 01 July 2014 to 30 June 2015

EG Core Plus Fund No.1 Holding Trust No.1
30 June 2015

Contents

EG Core Plus Fund No.1 Holding Trust No.1
Statement of profit or loss and other comprehensive income
For the period 1 July 2014 to 30 June 2015

	Notes	2015 $	2014 $
Revenue	3	0	0
Administration expenses		0	0
Finance costs		0	0
Loss before income tax		0	0
Income tax expense		-	-
Loss after income tax for the period attributable to the unit holders		0	0
Other comprehensive income for the period		-	-
Total comprehensive income for the period attributable to the unit holders		**0**	**0**

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

EG Core Plus Fund No.1 Holding Trust No.1
Statement of financial position
As at 30 June 2015

	Notes	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	4	0	0
Trade and other receivables	5	0	0
Total current assets		0	0
Non-current assets			
Investment in EG Core Plus Fund No1 Ownership Trust No1	6	10,445,000	10,445,000
Total non-current assets		10,445,000	10,445,000
Total assets		10,445,000	10,445,000
Liabilities			
Non-current liabilities			
Trade and other payables	7	0	0
Borrowings	8	0	0
Total non-current liabilities		0	0
Total liabilities		0	0
Net assets		**10,445,000**	**10,445,000**
Equity			
Unit capital	9	10,445,000	10,445,000
Retained earnings/ (accumulated losses)	10	0	0
Total equity		**10,445,000**	**10,445,000**

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

EG Core Plus Fund No.1 Holding Trust No.1
Notes to the financial statements
For the period 1 July 2014 to 30 June 2015

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.1 (referred to hereafter as 'the Trust') for the period 1 July 2014 to 30 June 2015. The Trust was established by Trust Deed dated 17 February 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.1 is a trust domiciled in Australia. Its principal place of business is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Not applicable.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(h) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(i) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

EG Core Plus Fund No.1 Holding Trust No.1
Notes to the financial statements
For the period 1 July 2014 to 30 June 2015

(l) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(m) Comparatives

The Trust was established on 17 February 2014 and as such, the comparatives reflect the period 17 February 2014 to 30 June 2014.

Note 3. Revenue

	2015	2014
	$	$
Rental revenue	0	0
Interest income	0	0
	0	0

Note 4. Cash and cash equivalents

	2015	2014
	$	$
Cash at bank and on hand	0	0

Note 5. Trade and other receivables

	2015	2014
	$	$
Trade receivables	0	0
Prepayments	0	0
	0	0

EG Core Plus Fund No.1 Holding Trust No.1
Notes to the financial statements
For the period 1 July 2014 to 30 June 2015

Note 6. Non-current assets - Investments

	2015 $	2014 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 1	10,445,000	10,445,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 1 at the beginning and end of the financial period are set out below

Opening balance at 1 July 2015	10,445,000
Investment during the year	0
Return of investment during the year	0
Closing fair value	10,445,000

Note 7. Trade and payables

	2015 $	2014 $
Other payables	0	0

Note 8. Non-current liabilities - Borrowings

	2015 $	2014 $
Bank loans	0	0

Note 9. Unit capital

	2015 Number	2014 Number	2015 $	2014 $
Ordinary units	10,445,000	10,445,000	10,445,000	10,445,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2014 is paid up to $1.00.

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2015 $	2014 $
Accumulated losses at the beginning of the period	0	0
Loss after income tax expense for the period	0	0
Accumulated losses at the end of the period	0	0

Note 11. Trust details

(a) The Trust

The Trust was officially established on 17 February 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 16 February 2094, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 1
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Holding Trust No.2

Annual Report -
For the period 29 August 2014 to 30 June 2015

EG Core Plus Fund No.1 Holding Trust No.2
30 June 2015

Contents

EG Core Plus Fund No.1 Holding Trust No.2
Statement of profit or loss and other comprehensive income
For the period 29 August 2014 to 30 June 2015

	Notes	2015 $
Revenue		0
Administration expenses		0
Finance costs		0
Loss before income tax		0
Income tax expense		-
Loss after income tax for the period attributable to the unit holders		0
Other comprehensive income for the period	3	0
Total comprehensive income for the period attributable to the unit holders		0

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

EG Core Plus Fund No.1 Holding Trust No.2
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	0
Trade and other receivables	5	0
Total current assets		0
Non-current assets		
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 2	6	23,230,000
Total non-current assets		23,230,000
Total assets		23,230,000
Liabilities		
Non-current liabilities		
Trade and other payables	7	0
Borrowings	8	0
Total non-current liabilities		0
Total liabilities		0
Net assets		**0**
Equity		
Unit capital	9	23,230,000
Accumulated losses	10	0
Total equity		**23,230,000**

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

EG Core Plus Fund No.1 Holding Trust No.2
Notes to the financial statements
For the period 29 August 2014 to 30 June 2015

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.2 (referred to hereafter as 'the Trust') for the period 29 August 2014 to 30 June 2015. The Trust was established by Trust Deed dated 29 August 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.2 is a trust domiciled in Australia. Its principal place of business is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Not applicable.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(h) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(i) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(j) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(l) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(m) Comparatives

The Trust was established on 29 August 2014 and as such, there are no comparative figures included in these financial statements.

Note 3. Other Comprehensive Income

	2015 $
Distribution Income received from Ownership Trust	400,000
Distribution Expense to EG Core Plus Fund No. 1	400,000
	0

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	0

Note 5. Trade and other receivables

	2015 $
Trade receivables	0
Prepayments	0
	0

EG Core Plus Fund No.1 Holding Trust No.2
Notes to the financial statements
For the period 29 August 2014 to 30 June 2015

Note 6. Non-current assets – Investments

	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 2	23,230,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 2 at the beginning and end of the financial period are set out below

Opening balance at 29 August 2014	0
Investment during the year	23,230,000
Return of investment during the year	0
Closing fair value	23,230,000

Note 7. Trade and payables

	2015 $
Other payables	0

Note 8. Non-current liabilities – Borrowings

	2015 $
Bank loans	0

Note 9. Unit capital

	2015 Number	2015 $
Ordinary units	23,230,000	23,230,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 29 August 2014	-	-	-
Issue of units – 01 September 2014	4,120,000	$1.00	4,120,000
Issue of units – 29 September 2014	19,110,000	$1.00	19,110,000
Balance at 30 June 2015	23,230,000		23,230,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

EG Core Plus Fund No.1 Holding Trust No.2
Notes to the financial statements
For the period 29 August 2014 to 30 June 2015

Note 10. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2015 $
Accumulated losses at the beginning of the period	-
Loss after income tax expense for the period	-
Accumulated losses at the end of the period	-

Note 11. Trust details

(a) The Trust

The Trust was officially established on 29 August 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 28 August 2094, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 2
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Holding Trust No.3

Annual Report -
For the period 17 September 2014 to 30 June 2015

EG Core Plus Fund No.1 Holding Trust No.3
30 June 2015

Contents

EG Core Plus Fund No.1 Holding Trust No.3
Statement of profit or loss and other comprehensive income
For the period 17 September 2014 to 30 June 2015

	Notes	2015 $
Revenue		0
Administration expenses		0
Finance costs		0
Loss before income tax		0
Income tax expense		-
Loss after income tax for the period attributable to the unit holders		0
Other comprehensive income for the period	3	0
Total comprehensive income for the period attributable to the unit holders		**0**

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

EG Core Plus Fund No.1 Holding Trust No.3
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	0
Trade and other receivables	5	0
Total current assets		0
Non-current assets		
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 3	6	33,800,000
Total non-current assets		33,800,000
Total assets		33,800,000
Liabilities		
Non-current liabilities		
Trade and other payables	7	0
Borrowings	8	0
Total non-current liabilities		0
Total liabilities		0
Net assets		**33,800,000**
Equity		
Unit capital	9	33,800,000
Accumulated losses	10	0
Total equity		**33,800,000**

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

EG Core Plus Fund No.1 Holding Trust No.3
Notes to the financial statements
For the period 17 September 2014 to 30 June 2015

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.3 (referred to hereafter as 'the Trust') for the period 17 September 2014 to 30 June 2015. The Trust was established by Trust Deed dated 17 September 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.3 is a trust domiciled in Australia. Its principal place of business is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Not applicable.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(h) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(i) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(l) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(m) Comparatives

The Trust was established on 17 September 2014 and as such, there are no comparative figures included in these financial statements.

Note 3. Other Comprehensive Income

	2015 $
Distribution Income received from Ownership Trust	2,000,000
Distribution Expense to EG Core Plus Fund No. 1	2,000,000
	0

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	0

Note 5. Trade and other receivables

	2015 $
Trade receivables	0
Prepayments	0
	0

EG Core Plus Fund No.1 Holding Trust No.3
Notes to the financial statements
For the period 17 September 2014 to 30 June 2015

Note 6. Non-current assets – Investments

	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 3	33,800,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 3 at the beginning and end of the financial period are set out below

Opening balance at 17 September 2014	0
Investment during the year	33,800,000
Return of investment during the year	0
Closing fair value	33,800,000

Note 7. Trade and payables

	2015 $
Other payables	0

Note 8. Non-current liabilities – Borrowings

	2015 $
Bank loans	0

Note 9. Unit capital

	2015 Number	2015 $
Ordinary units	33,800,000	33,800,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 17 September 2014	-	-	-
Issue of units – 24 September 2014	6,300,000	$1.00	6,300,000
Issue of units – 29 September 2014	27,380,000	$1.00	27,380,000
Issue of units – 07 October 2014	70,000	$1.00	70,000
Issue of units – 10 October 2014	50,000	$1.00	50,000
Balance at 30 June 2015	33,800,000		33,800,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2015 $
Accumulated losses at the beginning of the period	-
Loss after income tax expense for the period	-
Accumulated losses at the end of the period	-

Note 11. Trust details

(a) The Trust

The Trust was officially established on 17 September 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 16 September 2094, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 3
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Holding Trust No.4

Annual Report -
For the period 8 October 2014 to 30 June 2015

EG Core Plus Fund No.1 Holding Trust No.4
30 June 2015

Contents

EG Core Plus Fund No.1 Holding Trust No.4
Statement of profit or loss and other comprehensive income
For the period 08 October 2014 to 30 June 2015

	Notes	2015 $
Revenue	3	0
Administration expenses		0
Finance costs		0
Loss before income tax		0
Income tax expense		-
Loss after income tax for the period attributable to the unit holders		0
Other comprehensive income for the period		-
Total comprehensive income for the period attributable to the unit holders		0

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

EG Core Plus Fund No.1 Holding Trust No.4
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	0
Trade and other receivables	5	0
Total current assets		0
Non-current assets		
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 4	6	12,700,000
Total non-current assets		12,700,000
Total assets		12,700,000
Liabilities		
Non-current liabilities		
Trade and other payables	7	0
Borrowings	8	0
Total non-current liabilities		0
Total liabilities		0
Net assets		**12,700,000**
Equity		
Unit capital	9	12,700,000
Accumulated losses	10	0
Total equity		**12,700,000**

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

EG Core Plus Fund No.1 Holding Trust No.4
Notes to the financial statements
For the period 8 October 2014 to 30 June 2015

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.4 (referred to hereafter as 'the Trust') for the period 8 October 2014 to 30 June 2015. The Trust was established by Trust Deed dated 8 October 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.4 is a trust domiciled in Australia. Its principal place of business is:
Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Not applicable.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(h) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(i) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(j) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(l) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(m) Comparatives

The Trust was established on 8 October 2014 and as such, there are no comparative figures included in these financial statements.

Note 3. Revenue

	2015 $
Rental revenue	0
Interest revenue	0
	0

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	0

Note 5. Trade and other receivables

	2015 $
Trade receivables	0
Prepayments	0
	0

Note 6. Non-current assets – Investments

	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 4	12,700,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 4 at the beginning and end of the financial period are set out below

Opening balance at 8 October 2014	0
Investment during the year	12,700,000
Return of investment during the year	0
Closing fair value	12,700,000

Note 7. Trade and payables

	2015 $
Other payables	0

Note 8. Non-current liabilities – Borrowings

	2015 $
Bank loans	0

Note 9. Unit capital

	2015 Number	2015 $
Ordinary units	12,700,000	12,700,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 8 October 2014	-	-	-
Issue of units – 16 October 2014	2,000,000	$1.00	2,000,000
Issue of units – 8 December 2014	10,530,000	$1.00	10,530,000
Issue of units – 8 January 2015	120,000	$1.00	120,000
Issue of units – 30 January 2015	50,000	$1.00	50,000
Balance at 30 June 2015	12,700,000		12,700,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2015 $
Accumulated losses at the beginning of the period	-
Loss after income tax expense for the period	-
Accumulated losses at the end of the period	-

Note 11. Trust details

(a) The Trust

The Trust was officially established on 8 October 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 7 October 2094, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 4
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Holding Trust No.5

Annual Report -
For the period 16 January 2015 to 30 June 2015

EG Core Plus Fund No.1 Holding Trust No.5
30 June 2015

Contents

EG Core Plus Fund No.1 Holding Trust No.5
Statement of profit or loss and other comprehensive income
For the period 16 January 2015 to 30 June 2015

	Notes	2015 $
Revenue	3	0
Administration expenses		0
Finance costs		0
Loss before income tax		0
Income tax expense		-
Loss after income tax for the period attributable to the unit holders		0
Other comprehensive income for the period		-
Total comprehensive income for the period attributable to the unit holders		0

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

EG Core Plus Fund No.1 Holding Trust No.5
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	0
Trade and other receivables	5	0
Total current assets		0
Non-current assets		
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 5	6	19,500,000
Total non-current assets		19,500,000
Total assets		19,500,000
Liabilities		
Non-current liabilities		
Trade and other payables	7	0
Borrowings	8	0
Total non-current liabilities		0
Total liabilities		0
Net assets		**19,500,000**
Equity		
Unit capital	9	19,500,000
Accumulated losses	10	0
Total equity		**19,500,000**

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

EG Core Plus Fund No.1 Holding Trust No.5
Notes to the financial statements
For the period 16 January 2015 to 30 June 2015

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.5 (referred to hereafter as 'the Trust') for the period 16 January to 30 June 2015. The Trust was established by Trust Deed dated 16 January 2015.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.5 is a trust domiciled in Australia. Its principal place of business is:
Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Not applicable.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(h) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(i) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(l) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(m) Comparatives

The Trust was established on 16 January 2015 and as such, there are no comparative figures included in these financial statements.

Note 3. Revenue

	2015 $
Rental revenue	0
Interest revenue	0
	0

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	0

Note 5. Trade and other receivables

	2015 $
Trade receivables	0
Prepayments	0
	0

EG Core Plus Fund No.1 Holding Trust No.5
Notes to the financial statements
For the period 16 January 2015 to 30 June 2015

Note 6. Non-current assets – Investments

	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 5	19,500,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 5 at the beginning and end of the financial period are set out below

Opening balance at 16 January 2015	0
Investment during the year	19,500,000
Return of investment during the year	0
Closing fair value	19,500,000

Note 7. Trade and payables

	2015 $
Other payables	0

Note 8. Non-current liabilities – Borrowings

	2015 $
Bank loans	0

Note 9. Unit capital

	2015 Number	2015 $
Ordinary units	19,500,000	19,500,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 16 January 2015	-	-	-
Issue of units – 30 January 2015	3,065,000	$1.00	3,065,000
Issue of units – 12 February 2015	1,671,260	$1.00	1,671,260
Issue of units – 16 February 2015	14,708,740	$1.00	14,708,740
Issue of units – 19 March 2015	55,000	$1.00	55,000
Balance at 30 June 2015	19,500,000		19,500,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2015 $
Accumulated losses at the beginning of the period	-
Loss after income tax expense for the period	-
Accumulated losses at the end of the period	-

Note 11. Trust details

(a) The Trust

The Trust was officially established on 16 January 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 15 January 2095, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 5
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Holding Trust No.6

Annual Report -
For the period 25 March 2015 to 30 June 2015

EG Core Plus Fund No.1 Holding Trust No.6
30 June 2015

Contents

EG Core Plus Fund No.1 Holding Trust No.6
Statement of profit or loss and other comprehensive income
For the period 25 March 2015 to 30 June 2015

	Notes	2015 $
Revenue	3	0
Administration expenses		0
Finance costs		0
Loss before income tax		0
Income tax expense		-
Loss after income tax for the period attributable to the unit holders		0
Other comprehensive income for the period		-
Total comprehensive income for the period attributable to the unit holders		0

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

EG Core Plus Fund No.1 Holding Trust No.6
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	0
Trade and other receivables	5	0
Total current assets		0
Non-current assets		
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 6	6	7,400,000
Total non-current assets		7,400,000
Total assets		7,400,000
Liabilities		
Non-current liabilities		
Trade and other payables	7	0
Borrowings	8	0
Total non-current liabilities		0
Total liabilities		0
Net assets		**7,400,000**
Equity		
Unit capital	9	7,400,000
Accumulated losses	10	0
Total equity		**7,400,000**

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

EG Core Plus Fund No.1 Holding Trust No.6
Notes to the financial statements
For the period 25 March to 30 June 2015

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.6 (referred to hereafter as 'the Trust') for the period 25 March to 30 June 2015. The Trust was established by Trust Deed dated 25 March 2015.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.6 is a trust domiciled in Australia. Its principal place of business is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Not applicable.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(h) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(i) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(j) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

EG Core Plus Fund No.1 Holding Trust No.6
Notes to the financial statements
For the period 25 March to 30 June 2015

(l) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(m) Comparatives

The Trust was established on 25 March 2015 and as such, there are no comparative figures included in these financial statements.

Note 3. Revenue

	2015 $
Rental revenue	0
Interest revenue	0
	0

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	0

Note 5. Trade and other receivables

	2015 $
Trade receivables	0
Prepayments	0
	0

EG Core Plus Fund No.1 Holding Trust No.6
Notes to the financial statements
For the period 25 March to 30 June 2015

Note 6. Non-current assets – Investments

	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 6	7,400,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 6 at the beginning and end of the financial period are set out below

Opening balance at 25 March 2015	0
Investment during the year	7,400,000
Return of investment during the year	0
Closing fair value	7,400,000

Note 7. Trade and payables

	2015 $
Other payables	0

Note 8. Non-current liabilities – Borrowings

	2015 $
Bank loans	0

Note 9. Unit capital

	2015 Number	2015 $
Ordinary units	7,400,000	7,400,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 25 March 2015	-	-	-
Issue of units – 24 April 2015	7,395,980	$1.00	7,395,980
Issue of units – 30 May 2015	4,020	$1.00	4,020
Balance at 30 June 2015	7,400,000		7,400,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

EG Core Plus Fund No.1 Holding Trust No.6
Notes to the financial statements
For the period 25 March to 30 June 2015

Note 10. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2015 $
Accumulated losses at the beginning of the period	-
Loss after income tax expense for the period	-
Accumulated losses at the end of the period	-

Note 11. Trust details

(a) The Trust

The Trust was officially established on 25 March 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 24 March 2095, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 6
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Ownership Trust No. 1

Annual financial report - 30 June 2015

EG Core Plus Fund No.1 (Head Trust)
30 June 2015

Contents

EG Core Plus Fund No.1 Ownership Trust No.1
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Notes	2015 $	2014 $
Revenue	3	1,597,978	552,173
Other income	3	15,697	-
Property expenses		(479,085)	(104,620)
Administration expenses		(37,845)	(31,204)
Finance costs		(406,435)	(141,007)
Net fair value gain/ (loss) on investment properties	6	2,475,172	(932,532)
Profit / (loss) before income tax expense for the year		3,165,482	(657,190)
Income tax expense		-	-
Profit/ (loss) after income tax for the year attributable to the unit holders		3,165,482	(657,190)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the unit holders		**3,165,482**	**(657,190)**

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

	Notes	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	4	1,125,244	406,783
Trade and other receivables	5	57,383	81,797
Total current assets		1,182,627	488,580
Non-current assets			
Investment properties	6	20,000,000	17,500,000
Total non-current assets		20,000,000	17,500,000
Total assets		21,182,627	17,988,580
Liabilities			
Current liabilities			
Trade and other payables	7	59,054	48,353
Borrowings		-	-
Total non-current liabilities		8,229,335	48,353
Non-current liabilities			
Borrowings	8	8,170,281	8,152,417
Total non-current liabilities		-	8,152,417
Total liabilities		8,229,335	8,200,770
Net assets		**12,953,292**	**9,787,810**
Equity			
Unit capital	9	10,445,000	10,445,000
Retained earnings/ (accumulated losses)	10	2,508,292	(657,190)
Total equity		**12,953,292**	**9,787,810**

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

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.1 (referred to hereafter as 'the Trust') for the year ended 30 June 2015. The Trust was established by Trust Deed dated 17 February 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.1 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

Note 2. Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property

Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations

Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals

The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

Note 2. Summary of significant accounting policies (continued)

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(n) Comparatives

The Trust was established on 17 February 2014 and as such, the comparatives reflect the period 17 February 2014 to 30 June 2014.

Note 3. Revenue

	2015 $	2014 $
Rental revenue	1,282,523	441,772
Tenant recoveries	315,455	109,335
	1,597,978	552,173
Interest revenue	15,697	-
	15,697	-

Note 4. Current assets - Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	1,125,244	406,783

Note 5. Current assets – Trade and other receivables

	2015 $	2014 $
Trade receivables	31,144	17,739
Prepayments	26,239	64,058
	57,383	81,797

Note 6. Non-current assets – Investment properties

	2015 $	2014 $
Investment properties – at fair value	20,000,000	17,500,000

Note 6. Non-current assets – Investment properties (continued)

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

	2015 $	2014 $
Opening balance	17,500,000	-
Acquisition	24,828	18,432,532
Revaluation increments / (decrements)	2,475,172	(932,532)
Closing fair value at 30 June	20,000,000	17,500,000

Note 7. Trade and other payables

	2015 $	2014 $
Other payables	59,054	48,353

Note 8. Borrowings

	2015 $	2014 $
Current		
Bank loans	8,170,281	-
Non-current		
Bank loans	-	8,152,417

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of between 4.8% per annum (2014: 4.8%).

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $20,000,000.

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $8,750,000 of which $8,200,000 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $550,000.

Note 9. Unit capital

	2015 Number	2014 Number	2015 $	2014 $
Ordinary units	10,445,000	10,445,000	10,445,000	10,445,000

EG Core Plus Fund No.1 Ownership Trust No.1
Notes to the financial statements
For the year ended 30 June 2015

Note 9. Unit capital (continued)

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Fund in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Retained earnings / (accumulated losses)

Movements in accumulated losses during the financial period are as follows:

	2015 $	2014 $
Accumulated losses at the beginning of the year / period	(657,190)	-
Profit/ (loss) after income tax expense for the year / period	3,165,482	(657,190)
Retain earnings/ (accumulated losses) at the end of the year / period	2,508,292	(657,190)

Note 11. Trust details

(a) The Trust

The Trust was officially established on 17 February 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 16 February 2094.

Note 18. Trust details (continued)

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No.1 Ownership Trust No.1
Fund manager's declaration
For the year ended 30 June 2015

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Ownership Trust No.2

Annual Report -
For the period 29 August 2014 to 30 June 2015

EG Core Plus Fund No.1 Ownership Trust No.2
30 June 2015

Contents

EG Core Plus Fund No.1 Ownership Trust No.2
Statement of profit or loss and other comprehensive income
For the period 29 August 2014 to 30 June 2015

	Notes	2015 $
Revenue	3	3,217,018
Other income	3	7,392
Property expenses		(855,703)
Administration expenses		(166)
Finance costs		(648,621)
Net fair value loss on investment properties	6	(328,352)
Profit before income tax		1,391,569
Income tax expense		-
Profit after income tax for the period attributable to the unit holders		1,391,569
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period attributable to the unit holders		1,391,569

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

EG Core Plus Fund No.1 Ownership Trust No.2
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	1,099,409
Trade and other receivables	5	497,828
Total current assets		1,597,237
Non-current assets		
Investment properties	6	43,700,000
Total non-current assets		43,700,000
Total assets		45,297,237
Liabilities		
Current liabilities		
Trade and other payables	7	276,334
Borrowings	8	20,393,589
Total non-current liabilities		20,669,923
Non-current liabilities		
Trade and other payables	9	5,745
Total non-current liabilities		5,745
Total liabilities		20,675,668
Net assets		**24,621,569**
Equity		
Unit capital	10	23,230,000
Retained earnings	11	1,391,569
Total equity		**24,621,569**

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

EG Core Plus Fund No.1 Ownership Trust No.2
Notes to the financial statements
For the period 29 August 2014 to 30 June 2015

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.2 (referred to hereafter as 'the Trust') for the period 29 August 2014 to 30 June 2015. The Trust was established by Trust Deed dated 29 August 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.2 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

Note 2. Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property

Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations

Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals

The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

Note 2. Summary of significant accounting policies (continued)

(i) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 2. Summary of significant accounting policies (continued)

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(n) Comparatives

The Trust was established on 29 August 2014 and as such, there are no comparative figures included in these financial statements.

Note 3. Revenue

	2015 $
Rental revenue	2,760,099
Tenant recoveries	456,920
	3,217,018
Other income	7,392
	7,392

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	1,099,409

Note 5. Trade and other receivables

	2015 $
Trade receivables	330,003
Other receivables	1,800
Prepayments	166,024
	497,828

Note 6. Non-current assets – Investment properties

	2015 $
Investment properties – at fair value	43,700,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance at 29 August 2014	-
Acquisition	44,028,352
Revaluation decrements	(328,352)
Closing fair value	43,700,000

Note 7. Current - Trade and payables

	2015 $
Other payables	276,334

Note 8. Non-current liabilities – Borrowings

	2015 $
Bank loans	20,393,589

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of between 2.5% per annum.

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $43,700,000.

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $20,600,000 of which $20,589,543 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $10,457.

Note 9. Non-current - Trade and payables

	2015 $
Other payables	5,745

Note 10. Unit capital

	2015 Number	2015 $
Ordinary units	23,230,000	23,230,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 29 August 2014	-		-
Issue of units – 29 August 2014	23,230,000	$1.00	23,230,000
Balance at 30 June 2015	23,230,000		23,230,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 11. Retained earnings

Movements in Retained eamings during the financial period are as follows:

	2015 $
Retained earnings at the beginning of the period	-
Profit after income tax expense for the period	1,391,569
Retained earnings at the end of the period	1,391,569

Note 12. Trust details

(a) The Trust

The Trust was officially established on 29 August 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 28 August 2094.

Note 12. Trust details (continued)

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 2
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson	Adam Geha
Director	Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Ownership Trust No.3

Annual Report -
For the period 17 September 2014 to 30 June 2015

EG Core Plus Fund No.1 Ownership Trust No.3
30 June 2015

Contents

EG Core Plus Fund No.1 Ownership Trust No.3
Statement of profit or loss and other comprehensive income
For the period 17 September 2014 to 30 June 2015

	Notes	2015 $
Revenue	3	4,841,081
Other income	3	19,171
Property expenses		(717,102)
Administration expenses		(30,081)
Finance costs		(975,439)
Net fair value loss on investment properties	6	(3,563,975)
Loss before income tax		(426,345)
Income tax expense		-
Loss after income tax for the period attributable to the unit holders		(426,345)
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period attributable to the unit holders		**(426,345)**

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

EG Core Plus Fund No.1 Ownership Trust No.3
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	1,063,459
Trade and other receivables	5	212,243
Total current assets		1,275,702
Non-current assets		
Investment properties	6	65,000,000
Total non-current assets		65,000,000
Total assets		66,275,702
Liabilities		
Current liabilities		
Trade and other payables	7	381,597
Borrowings	8	31,446,724
Total current liabilities		31,446,724
Non-current liabilities		
Trade and other payables	9	1,073,726
Total non-current liabilities		1,073,726
Total liabilities		32,902,047
Net assets		**33,373,655**
Equity		
Unit capital	10	33,800,000
Accumulated losses	11	(426,345)
Total equity		**33,373,655**

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

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.3 (referred to hereafter as 'the Trust') for the period 17 September 2014 to 30 June 2015. The Trust was established by Trust Deed dated 17 September 2014.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.3 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

Note 2. Summary of significant accounting policies (continued)

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property
Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations
Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals
The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

Note 2. Summary of significant accounting policies (continued)

(i) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 2. Summary of significant accounting policies (continued)

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(n) Comparatives

The Trust was established on 17 September 2014 and as such, there are no comparative figures included in these financial statements.

Note 3. Revenue

	2015 $
Rental revenue	4,301,706
Tenant recoveries	539,375
	4,841,081
Interest revenue	19,171
	19,171

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	1,063,459

Note 5. Trade and other receivables

	2015
	$
Trade receivables	33,587
Other receivables	67,253
Prepayments	111,403
	212,243

Note 6. Non-current assets – Investment properties

	2015
	$
Investment properties – at fair value	65,000,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance at 17 September 2014	-
Acquisition	68,563,975
Revaluation decrements	(3,563,975)
Closing fair value	65,000,000

Note 7. Current - Trade and payables

	2015
	$
Other payables	381,597

Note 8. Non-current liabilities – Borrowings

	2015
	$
Bank loans	31,446,724

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of between 4.5% per annum.

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $65,000,000.

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $31,500,000 of which $31,500,000 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $nil.

Note 9. Non-current - Trade and payables

	2015 $
Other payables	1,073,726

Note 10. Unit capital

	2015 Number	2015 $
Ordinary units	33,800,000	33,800,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 17 September 2014	-	-	-
Issue of units	33,800,000	$1.00	33,800,000
Balance at 30 June 2015	33,800,000		33,800,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2014 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 11. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2015 $
Accumulated losses at the beginning of the period	-
Loss after income tax expense for the period	(426,345)
Accumulated losses at the end of the period	(426,345)

Note 12. Trust details

(a) The Trust

The Trust was officially established on 17 September 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 16 September 2094.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 3
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Ownership Trust No. 4

Annual Report -
For the period 8 October 2014 to 30 June 2015

EG Core Plus Fund No.1 Ownership Trust No.4
30 June 2015

Contents

EG Core Plus Fund No.1 Ownership Trust No.4
Statement of profit or loss and other comprehensive income
For the period 8 October 2014 to 30 June 2015

	Notes	2015 $
Revenue	3	1,481,582
Other income	3	3,096
Property expenses		(376,458)
Administration expenses		(225)
Finance costs		(200,494)
Net fair value loss on investment properties	6	167,417
Profit before income tax		1,074,919
Income tax expense		-
Profit after income tax for the period attributable to the unit holders		1,074,919
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period attributable to the unit holders		1,074,919

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

EG Core Plus Fund No.1 Ownership Trust No.4
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	671,110
Trade and other receivables	5	47,602
Total current assets		718,712
Non-current assets		
Investment properties	6	21,400,000
Total non-current assets		21,400,000
Total assets		22,118,712
Liabilities		
Current liabilities		
Trade and other payables	7	385,920
Borrowings	8	7,957,874
Total current liabilities		8,343,794
Total liabilities		8,343,794
Net assets		**13,774,919**
Equity		
Unit capital	9	12,700,000
Retained earnings	10	1,074,919
Total equity		**13,774,919**

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

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.4 (referred to hereafter as 'the Trust') for the period 8 October 2014 to 30 June 2015. The Trust was established by Trust Deed dated 8 October 2014.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.4 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property
Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations
Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals
The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(i) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(n) Comparatives

The Trust was established on 8 October 2014 and as such, there are no comparative figures included in these financial statements.

Note 3. Revenue and other income

	2015 $
Revenue	
Rental revenue	1,458,190
Tenant recoveries	23,393
	1,481,582
Other income	
Interest revenue	3,096
	3,906

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	671,110

Note 5. Trade and other receivables

	2015 $
Trade receivables	13,909
Other receivables	1,001
Prepayments	32,693
	47,602

EG Core Plus Fund No.1 Ownership Trust No.4
Notes to the financial statements
For the period 8 October 2014 to 30 June 2015

Note 6. Non-current assets – Investment properties

	2015 $
Investment properties – at fair value	21,400,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance at 8 October 2014	-
Acquisition	21,232,583
Revaluation decrements	167,417
Closing fair value	21,400,000

Note 7. Trade and payables

	2015 $
Trade payables	23,941
Other payables	361,979
Other payables	385,920

Note 8. Current liabilities – Borrowings

	2015 $
Bank loans	7,957,874

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of between 4.6% per annum.

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $21,400,000.

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $8,000,000 of which $8,000,000 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $nil.

Note 9. Unit capital

	2015 Number	2015 $
Ordinary units	12,700,000	12,700,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 8 October 2014	-		-
Issue of units	12,700,000	$1.00	12,700,000
Balance at 30 June 2015	12,700,000		12,700,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Retained earnings

Movements in Retained earnings during the financial period are as follows:

	2015 $
Retained earnings at the beginning of the period	-
Profit after income tax expense for the period	1,074,919
Retained earnings at the end of the period	1,074,919

Note 11. Trust details

(a) The Trust

The Trust was officially established on 8 October 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 7 October 2094.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 4
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson	Adam Geha
Director	Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Ownership Trust No.5

Annual Report -
For the period 16 January 2015 to 30 June 2015

EG Core Plus Fund No.1 Ownership Trust No.5
30 June 2015

Contents

EG Core Plus Fund No.1 Ownership Trust No.5
Statement of profit or loss and other comprehensive income
For the period 16 January 2015 to 30 June 2015

	Notes	2015 $
Revenue	3	1,166,837
Other income	3	1,122
Property expenses		(355,677)
Administration expenses		(178)
Finance costs		(83,475)
Net fair value loss on investment properties	6	(911,726)
Loss before income tax		(183,097)
Income tax expense		-
Loss after income tax for the period attributable to the unit holders		(183,097)
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period attributable to the unit holders		(183,097)

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

EG Core Plus Fund No.1 Ownership Trust No.5
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	691,817
Trade and other receivables	5	184,388
Total current assets		876,205
Non-current assets		
Investment properties	6	31,500,000
Total non-current assets		31,500,000
Total assets		32,376,205
Liabilities		
Current liabilities		
Trade and other payables	7	342,658
Borrowings	8	12,494,448
Total non-current liabilities		12,837,106
Non-current liabilities		
Trade and other payables	9	222,196
Total non-current liabilities		222,196
Total liabilities		13,059,303
Net assets		**19,316,903**
Equity		
Unit capital	10	19,500,000
Accumulated losses	11	(183,097)
Total equity		**19,316,903**

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

EG Core Plus Fund No.1 Ownership Trust No.5
Notes to the financial statements
For the period 16 January 2015 to 30 June 2015

Note 1. Corporate information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.5 (referred to hereafter as 'the Trust') for the period 16 January 2015 to 30 June 2015. The Trust was established by Trust Deed dated 16 January 2015.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.5 is a trust domiciled in Australia. Its principal place of business is:
Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property
Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations
Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals
The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(n) Comparatives

The Trust was established on 16 January 2015 and as such, there are no comparative figures included in these financial statements.

Note 3. Revenue and other income

	2015 $
Revenue	
Rental revenue	1,110,155
Tenant recoveries	56,682
	1,166,837
Other income	
Interest revenue	1,122
	1,122

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	691,817

Note 5. Trade and other receivables

	2015 $
Trade receivables	124,357
Other receivables	1,322
Prepayments	58,709
	184,388

EG Core Plus Fund No.1 Ownership Trust No.5
Notes to the financial statements
For the period 16 January 2015 to 30 June 2015

Note 6. Non-current assets – Investment properties

	2015 $
Investment properties – at fair value	31,500,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance at 16 January 2015	
Acquisition	32,411,726
Revaluation decrements	(911,726)
Closing fair value	31,500,000

Note 7. Current - Trade and payables

	2015 $
Other payables	342,658

Note 8. Current liabilities – Borrowings

	2015 $
Bank loans	12,494,448

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of between 3.3% per annum.

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $31,500,000.

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $12,556,500 of which $12,556,500 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $nil.

Note 9. Non-current - Trade and payables

	2015 $
Other payables	222,196

EG Core Plus Fund No.1 Ownership Trust No.5
Notes to the financial statements
For the period 16 January 2015 to 30 June 2015

Note 10. Unit capital

	2015 Number	2015 $
Ordinary units	19,500,000	19,500,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 16 January 2015	-		-
Issue of units	19,500,000	$1.00	19,500,000
Balance at 30 June 2015	19,500,000		19,500,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 11. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2015 $
Accumulated losses at the beginning of the period	-
Loss after income tax expense for the period	(183,097)
Accumulated losses at the end of the period	(183,097)

Note 12. Trust details

(a) The Trust

The Trust was officially established on 16 January 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 15 January2095.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 5
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
21 September 2015

EG Core Plus Fund No.1 Ownership Trust No. 6

Annual Report -
For the period 25 March 2015 to 30 June 2015

EG Core Plus Fund No.1 Ownership Trust No.6
30 June 2015

Contents

EG Core Plus Fund No.1 Ownership Trust No.6
Statement of profit or loss and other comprehensive income
For the period 25 March 2015 to 30 June 2015

	Notes	2015 $
Revenue	3	229,364
Property expenses		(7,684)
Administration expenses		(65)
Finance costs		(36,734)
Net fair value loss on investment properties	6	(712,400)
Loss before income tax		(527,519)
Income tax expense		-
Loss after income tax for the period attributable to the unit holders		(527,519)
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period attributable to the unit holders		(527,519)

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

EG Core Plus Fund No.1 Ownership Trust No.6
Statement of financial position
As at 30 June 2015

	Note	2015 $
Assets		
Current assets		
Cash and cash equivalents	4	10,099
Trade and other receivables	5	242,045
Total current assets		252,144
Non-current assets		
Investment properties	6	13,000,000
Total non-current assets		13,000,000
Total assets		13,252,145
Liabilities		
Current liabilities		
Trade and other payables	7	56,100
Borrowings	8	6,323,564
Total current liabilities		6,379,664
Total liabilities		6,379,664
Net assets		**6,872,481**
Equity		
Unit capital	9	7,400,000
Accumulated losses	10	(527,519)
Total equity		**6,872,481**

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

EG Core Plus Fund No.1 Ownership Trust No.6
Notes to the financial statements
For the period 25 March 2015 to 30 June 2015

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.6 (referred to hereafter as 'the Trust') for the period 25 March 2015 to 30 June 2015. The Trust was established by Trust Deed dated 25 March 2015.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.6 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property
Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations
Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals
The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

EG Core Plus Fund No.1 Ownership Trust No.6
Notes to the financial statements
For the period 25 March 2015 to 30 June 2015

(i) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

EG Core Plus Fund No.1 Ownership Trust No.6
Notes to the financial statements
For the period 25 March 2015 to 30 June 2015

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(n) Comparatives

The Trust was established on 25 March 2015 and as such, there are no comparative figures included in these financial statements.

Note 3. Revenue

	2015 $
Rental revenue	227,137
Tenant recoveries	2,185
Interest revenue	43
	229,364

Note 4. Cash and cash equivalents

	2015 $
Cash at bank and on hand	10,099

Note 5. Trade and other receivables

	2015 $
Trade receivables	227,356
Other receivables	13
Prepayments	14,667
	242,045

Note 6. Non-current assets – Investment properties

	2015 $
Investment properties – at fair value	13,000,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance at 25 March 2015	-
Acquisition	13,712,400
Revaluation decrements	(712,400)
Closing fair value	13,000,000

Note 7. Trade and payables

	2015 $
Other payables	56,100

Note 8. Current liabilities – Borrowings

	2015 $
Bank loans	6,323,564

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of between 4.5% per annum.

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $13,000,000.

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $6,370,000 of which $6,370,000 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $nil.

Note 9. Unit capital

	2015 Number	2015 $
Ordinary units	7,400,000	7,400,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 25 March 2015	-		-
Issue of units	7,400,000	$1.00	7,400,000
Balance at 30 June 2015	7,400,000		7,400,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2015 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2015 $
Accumulated losses at the beginning of the period	-
Loss after income tax expense for the period	(527,519)
Accumulated losses at the end of the period	(527,519)

Note 11. Trust details

(a) The Trust

The Trust was officially established on 25 March 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 24 March 2095.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 6
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson	Adam Geha
Director	Director

Sydney
21 September 2015

Gabriel
Unit Trust

SPECIAL PURPOSE FINANCIAL REPORT

30 JUNE 2015

Gabriel Unit Trust

Trustee's Report

The directors of the Trustee Company, STC Funds Nominee Pty Ltd (the "Trustee"), present their report together with the special purpose financial report of Gabriel Unit Trust (the "Trust") for the year ended 30 June 2015.

Directors
The directors of the Trustee at any time during or since the end of the financial year are:

L Buck (appointed 8 August 2014)
J Livanas (appointed 1 July 2014)
G Matthews (resigned 1 July 2014)
T Snow (resigned 1 July 2014)

Principal activities
The principal activity of the Trust from its inception on 21 April 2008 to 30 June 2015 was an investment trust.

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

Review and Results of operations
The net profit for the year was $147,533,863.

Distributions
Distributions totaling $10,326,723 were made to unit holders during the year.

State of affairs
In the opinion of the Trustee there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Events subsequent to balance date
There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Likely developments
In the opinion of the Trustee, information about likely developments in the operations of the Trust and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Trust.

Gabriel Unit Trust
Trustee's Report

Interest of the Trustee
There were no fees paid to the Trustee and its associates out of the Trust's property during the period.

The Trustee held no units in the Trust at year end.

Indemnification and insurance of officers and auditors
No insurance premiums are paid out of the assets of the Trust for insurance cover provided to the Trustee or auditor of the Trust. If the Trustee acts in accordance with the constitution and the law, the Trustee is generally entitled to indemnity out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is not indemnified out of the assets of the Trust.

Options
No options have been granted to any person in relation to any units in the Trust.

Signed in accordance with a resolution of the Trustee:

....
Director

Dated at Sydney this 20th day of October 2015.

Gabriel Unit Trust

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue from operating activities	2	147,533,863	13,897,885
Expenses from operating activities	3	-	-
Profit/(Loss) for the year		147,533,863	13,897,885

The statement of profit of loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Gabriel Unit Trust
Statement of Changes in Equity
For the year ended 30 June 2015

	Units	Contributed unit capital $	Retained earnings $	Total $
Balance 1 July 2014	40,166,639	83,780,121	(25,860,454)	57,919,667
Allocation of units		-	-	-
Profit attributable to Trust		-	147,533,863	147,533,863
Distributions paid to unit holders		-	(10,326,723)	(10,326,723)
Balance 30 June 2015	**40,166,639**	**83,780,121**	**111,346,686**	**195,126,807**

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Gabriel Unit Trust
Statement of Financial Position
As at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Settlement sum		213	213
Total current assets		213	213
Non-current assets			
Investments	4	195,126,594	57,919,454
Total non-current assets		195,126,594	57,919,454
Total assets		195,126,807	57,919,667
Current liabilities		-	-
Total current liabilities		-	-
Non-current liabilities		-	-
Total non-current liabilities		-	-
Net assets attributable to unit holders		195,126,807	57,919,667
Net assets attributable to unit holders - Equity		195,126,807	57,919,667

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Gabriel Unit Trust
Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities		-	-
Net cash provided by operating activities		-	-
Cash flows from investing activities			
Dividends received from investments		10,326,723	8,022,472
Net cash provided by investing activities		10,326,723	8,022,472
Cash flows from financing activities			
Distributions paid		(10,326,723)	(8,022,472)
Net cash provided by financing activities		(10,326,723)	(8,022,472)
Net increase in cash held		-	-
Cash at the beginning of the year		-	-
Cash at the end of the year		-	-

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Note 1 Statement of Significant Accounting Policies

The undertakings of the Trust are carried out by the Trustee, STC Funds Nominee Pty Ltd, on behalf of the Trust. The Trust was established for the purpose of acquiring shares in Angel Trains Ltd.

In the opinion of the Trustee the Trust is not a reporting entity. The financial report of the Trust has been drawn up as a special purpose financial report in order to fulfill the Trustee's duties under the Trust Deed to prepare financial statements.

The financial report has been prepared in accordance with the requirements of the following accounting standards adopted by the Australian Accounting Standards Board ("AASB").

AASB 101 *Presentation of Financial Statements*
AASB 107 *Statement of Cash Flows*
AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
AASB 1048 *Interpretation of Standards*

No other accounting standards, accounting interpretations or other authoritative pronouncements of the AASB have been applied.

(a) Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of a financial report in conformity with Australian Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

Note 1 Statement of Significant Accounting Policies (continued)

(b) Financial Instruments

Recognition

Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and with the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categories as held for trading unless they are designed as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. Gains and losses arising from changes in fair value are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Financial liabilities

Non-derivative financial liabilities are reflected at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Fair value

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transaction, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Gabriel Unit Trust
Notes to and forming part of the financial report
For the year ended 30 June 2015

		2015 $	2014 $
Note 2	**Revenue**		
	Movement in fair value of investments	137,207,140	5,875,413
	Dividends received	10,326,723	8,022,472
		147,533,863	13,897,885
Note 3	**Expenses**		
	Movement in fair value of investments	-	-
Note 4	**Investments**		
	Non current		
	Unlisted investment – Angel Trains Ltd	195,126,594	57,919,454

Note 5 Related Parties

The names of each person holding the position of director of the Trustee Company STC Funds Nominee Pty Ltd, during or since the end of the financial year are:

L Buck (appointed 8 August 2014)
J Livanas (appointed 1 July 2014)
G Matthews (resigned 1 July 2014)
T Snow (resigned 1 July 2014)

No director has entered into a material contract with the Trust and there were no material contracts involving directors existing at the year end.

There were no contracts involving the Trustee Company and the Trust existing at year end.

Note 6 Commitments, contingent assets and contingent liabilities

At 30 June 2015 there were no material commitments for capital expenditure, lease hire expenditure, nor any other type of expenditure not included in the accounts, nor were there any contingent liabilities or contingent assets.

Note 7 Trust details

The registered office of the Trust is:

c/- SAS Trustee Corporation
Level 16
83 Clarence Street
Sydney NSW 2000

Gabriel Unit Trust
Statement by Trustee

The directors of the Trustee Company, STC Funds Nominee Pty Ltd, declare that the Trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of STC Funds Nominee Pty Ltd, the Trustee:

1. (a) the Gabriel Unit Trust has operated during the year ended 30 June 2015 in accordance with the provisions of the Trust Deed dated 21 April 2008; and

   (b) the accompanying financial statements, consisting of Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and accompanying notes set out on pages 3 to 10 are properly drawn up in accordance with the basis of accounting described in Note 1 and the Trust Deed so as to present fairly the financial position of the Trust as at 30 June 2015 and the revenue and expenses of the Trust for the year ended 30 June 2015.

2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of the STC Funds Nominee Pty Ltd:

....
Director

Dated at Sydney this 20th day of October 2015.

IPG UNIT TRUST

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

AMP Capital Investors Limited
33 Alfred Street,
Sydney, NSW 2000
ACN 001 777 591

IPG UNIT TRUST

TABLE OF CONTENTS

IPG UNIT TRUST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	30 June 2015 $	30 June 2014 $
INVESTMENT INCOME			
Dividends		3,065,133	2,166,716
Interest income		837,209	836,292
Net changes in the fair value of financial instruments measured at fair value through profit or loss		771,446	(979,948)
Total investment income/(loss)		4,673,788	2,023,060
EXPENSES			
Other expenses		-	(100)
Total expenses		-	(100)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS		4,673,788	2,022,960
Finance costs attributable to unitholders			
Distributions to unitholders		(3,902,259)	(3,002,953)
(Increase)/decrease in net assets attributable to unitholders		(771,529)	979,993
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-

IPG UNIT TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	30 June 2015 $	30 June 2014 $
ASSETS			
Cash and cash equivalents	5(a)	1,834,590	1,071,589
Receivables	3	427	168
Loans and advances		5,729,753	5,729,753
Financial assets measured at fair value through profit or loss			
Unlisted equity securities		20,145,095	19,373,649
TOTAL ASSETS		27,709,865	26,175,159
LIABILITIES			
Distribution payable		1,834,879	1,071,702
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		1,834,879	1,071,702
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		25,874,986	25,103,457

IPG UNIT TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	$	$
Balance at the beginning of the financial year	25,103,457	26,083,450
Increase/(decrease) in net assets attributable to unitholders	771,529	(979,993)
Balance at the end of the financial year	25,874,986	25,103,457

IPG UNIT TRUST

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	30 June 2015 $	30 June 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		3,065,133	2,166,716
Interest received		836,950	836,124
Net cash inflow/(outflow) from operating activities	5(b)	3,902,083	3,002,840
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(3,139,082)	(1,931,251)
Net cash inflow/(outflow) from financing activities		(3,139,082)	(1,931,251)
Net increase/(decrease) in cash and cash equivalents held		763,001	1,071,589
Cash and cash equivalents at the beginning of the financial year		1,071,589	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5(a)	1,834,590	1,071,589

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Trust Information

The IPG Unit Trust (the "Trust") is an unregistered unit trust. AMP Capital Investors Limited, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at 33 Alfred Street, Sydney, NSW 2000.

The Investment Manager of the Trust is AMP Capital Investors Limited, a subsidiary of AMP Limited.

The principal activity of the Trust during the financial year was the investment of unitholders' funds in accordance with the Trust Deed. There has been no significant change in the nature of this activity during the financial year.

(b) Basis of Preparation

This special purpose Financial Report has been prepared for distribution to the unitholders to fulfill the financial reporting requirements under the Trust Deed. In the opinion of the Trustee, the Trust is not deemed to be a "reporting entity" because there are no users dependent on a general purpose Financial Report.

The Financial Report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Trustee to meet the needs of users of the Financial Report. The Financial Report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders which may not be settled within 12 months. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss have been classified as held for trading as they are part of a portfolio which is managed for short-term gains. Financial assets are initially recognised at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Unlisted equity securities

When the Trust invests in unlisted equity securities, the fair value of the unlisted equity securities is determined by the Investment Manager using the discounted cash flow methodology.

(d) Loans and Advances

Loans and advances include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and advances are initially recognised at fair value and are subsequently remeasured to amortised cost using the effective interest method, less any allowances for impairment. Amortised cost is determined by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest method. Ongoing reviews of asset values are conducted to assess for any indicators of impairment during the financial year. Where the carrying value exceeds the recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

(e) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Trust's investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments is set out in Note 1(b) and 1(c) respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Significant Accounting Judgements, Estimates and Assumptions (continued)

Impairment of financial assets

The Trust assesses at each balance date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(f) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend income

Dividends from unlisted companies are recognised when the dividend is received.

Interest income

Interest income earned on cash and cash equivalents is recognised on an accruals basis.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(g) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(h) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Trustee's option and which the Trustee uses in its day to day management of the Trust's cash requirements.

(j) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at their nominal amounts. An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Bad debts are written off when identified less any allowance for doubtful debts. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

(k) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves and are classified as financial liabilities and not as equity because the Trustee has a contractual obligation to pay distributable income of the Trust to unitholders and units are redeemable at the unitholders' option (subject to the provisions of the Trust Deed). As there are no equityholders, total comprehensive income attributable to unitholders and equity for the Trust is nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of financial assets and derivative financial instruments. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if unitholders exercised their right to redeem their units. The Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders.

(l) Taxation

Under current legislation, the Trust is not liable to pay income tax since, under the terms of the Trust Deed, the unitholders are presently entitled to the income of the Trust.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Distributable Income

In accordance with the Trust Deed, the Trust fully distributes its distributable income to unitholders each tax year. Such distributions are determined by reference to the taxable income of the Trust. Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributable income includes capital gains arising from the disposal of assets.

Distributable income does not include unrealised gains and losses arising from changes in the fair value of financial assets and derivative financial instruments; accrued income not yet assessable; expenses provided for or accrued but not yet deductible; tax free or deferred income and realised capital losses which are retained to offset future realised capital gains.

(n) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Trust, is the Australian dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

(o) Terms and Conditions of Units on Issue

Issued and paid up units are initially recognised at the fair value of the consideration received by the Trust.

Each unit confers upon the unitholder an equal interest in the Trust (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset of the Trust.

Unitholders have various rights under the Trust Deed, including the right to:

- have their units redeemed
- receive income distributions
- attend and vote at meetings of unitholders
- participate in the termination and winding up of the Trust

Applications received for units in the Trust are recognised net of any transaction costs arising on the issue of units in the Trust. Redemptions from the Trust are recognised gross of any transaction costs payable after the cancellation of units redeemed. Unit exit prices are determined in accordance with the Trust Deed and are calculated on a forward pricing basis as the redemption price per unit less any estimated transaction costs.

(p) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recognised with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financial activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

NOTE 2: AUDITOR'S REMUNERATION

Auditor's remuneration for the audit of the Financial Statements of the Trust has been paid by AMP Capital Investors Limited.

	30 June 2015 $	30 June 2014 $
NOTE 3: RECEIVABLES		
Interest receivable	427	168
	427	168

	30 June 2015 Units	30 June 2014 Units
NOTE 4: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
The movement in the number of units on issue during the financial year was as follows:		
Units on Issue		
Opening balance	28,632,412	28,632,412
Closing balance	28,632,412	28,632,412

	30 June 2015 $	30 June 2014 $
NOTE 5: CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is linked to the related item in the Statement of Financial Position as follows:		
Cash at bank	1,834,590	1,071,589
	1,834,590	1,071,589
(b) Reconciliation of net profit/(loss) attributable to unitholders before finance costs to net cash inflow/(outflow) from operating activities		
Net profit/(loss) attributable to unitholders before finance costs	4,673,788	2,022,960
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(771,446)	979,948
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(259)	(68)
Net cash inflow/(outflow) from operating activities	3,902,083	3,002,840

NOTE 6: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2015 (30 June 2014: nil) other than those specified in the Financial Report.

NOTE 7: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 30 June 2015 there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

NOTE 8: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the IPG Unit Trust for the financial year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors of AMP Capital Investors Limited on 9 September 2015.

IPG UNIT TRUST

STATEMENT BY THE TRUSTEE

As stated in Note 1(b) to the Financial Statements, in the Trustee's opinion, the Trust is not a "reporting entity".

In accordance with a resolution of the Directors of AMP Capital Investors Limited, the Trustee, I state that in the opinion of the Directors of the Trustee:

(a) The Financial Statements and notes are in accordance with the requirements of the Trust Deed, and:

  (i) are properly drawn up so as to present fairly the Trust's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

  (ii) comply with Australian Accounting Standards, as set out in Note 1(b) to the Financial Statements.

(b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Director

9 September 2015, Sydney

LBC Unit Trust

SPECIAL PURPOSE FINANCIAL REPORT

30 JUNE 2015

LBC Unit Trust
Trustee's Report

The directors of the Trustee Company, STC Funds Nominee Pty Ltd (the "Trustee"), present their report together with the special purpose financial report of LBC Unit Trust (the "Trust") for the year ended 30 June 2015.

Directors
The directors of the Trustee at any time during or since the end of the financial year are:

L Buck (appointed 8 August 2014)
J Livanas (appointed 1 July 2014)
G Matthews (resigned 1 July 2014)
T Snow (resigned 1 July 2014)

Principal activities
The principal activity of the Trust from its inception on 25 May 2007 to 30 June 2015 was an investment trust.

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

Review and Results of operations
The net profit for the year was $53,368,019.

Distributions
No distributions were made to unit holders during the year.

State of affairs
In the opinion of the Trustee there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Events subsequent to balance date
There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Likely developments
In the opinion of the Trustee, information about likely developments in the operations of the Trust and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Trust.

LBC Unit Trust
Trustee's Report

Interest of the Trustee

There were no fees paid to the Trustee and its associates out of the Trust's property during the period.

The Trustee held no units in the Trust at year end.

Indemnification and insurance of officers and auditors

No insurance premiums are paid out of the assets of the Trust for insurance cover provided to the Trustee or auditor of the Trust. If the Trustee acts in accordance with the constitution and the law, the Trustee is generally entitled to indemnity out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is not indemnified out of the assets of the Trust.

Options

No options have been granted to any person in relation to any units in the Trust.

Signed in accordance with a resolution of the Trustee:

....

Director

Dated at ....Sydney.... this ....20th.... day of ....October.... 2015.

LBC Unit Trust
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue from operating activities	2	53,368,019	-
Expenses from operating activities	3	-	6,940,807
Profit (Loss) for the year		53,368,019	(6,940,807)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

LBC Unit Trust
Statement of Changes in Equity
For the year ended 30 June 2015

	Units	Contributed unit capital $	Retained earnings $	Total $
Balance 1 July 2014	62,486,284.32	102,900,770	(24,582,482)	78,318,288
Capital contributed		-	-	-
Profit attributable to Trust		-	53,368,019	53,368,019
Distributions paid to unit holders		-	-	-
Balance 30 June 2015	62,486,284.32	102,900,770	28,785,537	131,686,307

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

LBC Unit Trust
Statement of Financial Position
As at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Settlement sum		165	165
Total current assets		165	165
Non-current assets			
Investments	4	131,686,142	78,318,123
Total non-current assets		131,686,142	78,318,123
Total assets		131,686,307	78,318,288
Current liabilities		-	-
Total current liabilities		-	-
Non-current liabilities		-	-
Total non-current liabilities		-	-
Net assets attributable to unit holders		131,686,307	78,318,288
Net assets attributable to unit holders - Equity		131,686,307	78,318,288

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

LBC Unit Trust
Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities		-	-
Net cash provided by operating activities		-	-
Cash flows from investing activities			
Interest received		-	-
Increased Investment		-	(7,449,125)
Net cash provided by investing activities		-	(7,449,125)
Cash flows from financing activities			
Distribution to unit holders		-	-
Issue of additional units		-	7,449,125
Net cash provided by financing activities		-	7,449,125
Net increase in cash held		-	-
Cash at the beginning of the year		-	-
Cash at the end of the year		-	-

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Note 1 Statement of Significant Accounting Policies

The undertakings of the Trust are carried out by the Trustee, STC Funds Nominee Pty Ltd, on behalf of the Trust. The Trust was established for the purpose of acquiring shares in Challenger LBC Terminals Holding Company Ltd.

In the opinion of the Trustee the Trust is not a reporting entity. The financial report of the Trust has been drawn up as a special purpose financial report in order to fulfill the Trustee's duties under the Trust Deed to prepare financial statements.

The financial report has been prepared in accordance with the requirements of the following accounting standards adopted by the Australian Accounting Standards Board ("AASB").

AASB 101 *Presentation of Financial Statements*
AASB 107 *Statement of Cash Flows*
AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
AASB 1048 *Interpretation of Standards*

No other accounting standards, accounting interpretations or other authoritative pronouncements of the AASB have been applied.

(a) Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of a financial report in conformity with Australian Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

Note 1 Statement of Significant Accounting Policies (continued)

(b) Financial Instruments

Recognition
Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and with the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categories as held for trading unless they are designed as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments. Gains and losses arising from changes in fair value are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Financial liabilities
Non-derivative financial liabilities are reflected at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Fair value
Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transaction, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

		2015 $	2014 $
Note 2	**Revenue**		
	Interest received	-	-
	Movement in fair value of financial assets	53,368,019	-
		53,366,019	-
Note 3	**Expenses**		
	Movement in fair value of financial assets	-	6,940,807
Note 4	**Investments**		
	Non current		
	Unlisted investment – Challenger LBC Terminals Holding Company Ltd (at Custodian valuation)	131,686,142	78,318,123

Note 5 Related Parties

The names of each person holding the position of director of the Trustee Company, STC Funds Nominee Pty Ltd, during or since the end of the financial year are:

L Buck (appointed 8 August 2014)
J Livanas (appointed 1 July 2014)
G Matthews (resigned 1 July 2014)
T Snow (resigned 1 July 2014)

No director has entered into a material contract with the Trust and there were no material contracts involving directors existing at the year end.

There were no contracts involving the Trustee Company and the Trust existing at year end.

Note 6 Commitments, contingent assets and contingent liabilities

At 30 June 2015 there were no material commitments for capital expenditure, lease hire expenditure, nor any other type of expenditure not included in the accounts, nor were there any contingent liabilities or contingent assets.

Note 7 Trust details

The registered office of the Trust is:

c/- SAS Trustee Corporation
Level 16
83 Clarence Street
Sydney NSW 2000

LBC Unit Trust
Statement by Trustee

The directors of the Trustee Company, STC Funds Nominee Pty Ltd, declare that the Trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of STC Funds Nominee Pty Ltd, the Trustee:

1. (a) the LBC Unit Trust has operated during the year ended 30 June 2015 in accordance with the provisions of the Trust Deed dated 25 May 2007; and

   (b) the accompanying financial statements, consisting of the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and accompanying notes set out on pages 3 to 10 are properly drawn up in accordance with the basis of accounting described in Note 1 and the Trust Deed so as to present fairly the financial position of the Trust as at 30 June 2015 and the revenue and expenses of the Trust for the year ended 30 June 2015.

2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of the STC Funds Nominee Pty Ltd:

....
Director

Dated at Sydney this 20th day of October 2015.

Pisco STC Funds Unit Trust No.1

Special Purpose Financial Report – 30 June 2015

Pisco STC Funds Unit Trust No.1
Special Purpose Financial Report - 30 June 2015

Contents **Page**

These financial statements cover Pisco STC Funds Unit Trust No. 1 as an individual entity.

The Trustee of Pisco STC Funds Unit Trust No. 1 is Fidante Partners Services Limited (ABN 44 119 605 373).

The Trustee's registered office is:
Level 15, 255 Pitt Street
SYDNEY NSW 2000

Directors' report

The directors of the Trustee Company, Fidante Partners Services Limited (the "Trustee"), present their report together with the special purpose financial report of Pisco STC Funds Unit Trust No.1 (the "Trust") for the year ended 30 June 2015.

Directors

The following persons held office as directors of Fidante Partners Services Limited during the year or since the end of the year and up to the date of this report:

B J O'Connor
P D Rogan
I Saines (appointed 21 May 2015)
A Tobin
R Willis
R J Woods (resigned 27 April 2015)

Principal activities

The principal activity of the Trust during the year was to invest in accordance with the provisions of the Trust Deed, being a 29.2% interest in GasValpo Jersey Holding Company Limited (GasValpo).

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

The Asset Management of the Trust was delegated from Challenger Management Services Ltd to Whitehelm Capital Pty Ltd on 1 July 2014.

Review and results of operations

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

	2015 $	2014 $
Net operating profit/(loss)	2,707,863	(12,823,194)
Distributions paid and payable	848,922	667,350

There was also a return of capital from GasValpo of $14,537,409 (2014: $969,263) paid to its unitholder.

Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Matters subsequent to the end of the financial year

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly:

- the operations of the Trust in future financial years;
- the results of those operations in future financial years; and
- the state of affairs of the Trust in future financial years.

Likely developments

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

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the officers of Fidante Partners Services Limited. So long as the officers of Fidante Partners Services Limited act in accordance with the Trust Deed and the Corporations Act 2001, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Fees paid to and interests held in the Trust by the Trustee

There were no fees paid to the Trustee and its associates out of the Trust's property during the period.

The Trustee held no units in the Trust at year end.

Interests in the Trust

The Trust is a closed fund with 44,238,125 (2014: 44,238,125) units on issue.

Value of assets	2015 $	2014 $
Value of Trust assets at 30 June	58,373,712	71,666,269

The value of the Trust's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Options

No options have been granted to any person in relation to any units in the Trust.

Signed in accordance with a resolution of directors:

....
B J O'Connor
Director

Sydney
31 August 2015

Statement of comprehensive income

	Note	2015 $	2014 $
Income			
Dividends received		843,837	667,495
Interest received		968	538
Foreign currency gain		12,267,828	-
Total Income		13,112,633	668,033
Expenses			
Foreign currency loss		-	(896,826)
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	(10,404,770)	(12,594,401)
Total expenses		**(10,404,770)**	**(13,491,227)**
Profit/(Loss) before finance costs		**2,707,863**	**(12,823,194)**
Finance costs attributable to unitholders			
Distributions to unitholders	4	(848,922)	(667,350)
(Increase)/decrease in net assets attributable to unitholders	7	(1,858,941)	13,490,544
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The statement of comprehensive income is to be read in conjunction with the notes to the financial report set out on pages 8 to 15.

Statement of financial position

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents		1,506	614,919
Total current assets		1,506	614,919
Non-current assets			
Financial assets held at fair value through profit or loss	5	58,372,206	71,051,350
Total non-current assets		58,372,206	71,051,350
Total assets		58,373,712	71,666,269
Current liabilities		-	-
Distributions payable	4	-	304,412
Return of capital payable	6	-	309,677
Total current liabilities		-	614,089
Non-current liabilities		-	-
Total non-current liabilities		-	-
Total liabilities (excluding net assets attributable to unitholders)		-	614,089
Net assets attributable to unitholders - liability	7	58,373,712	71,052,180

The statement of financial position is to be read in conjunction with the notes to the financial report set out on pages 8 to 15.

Statement of changes in net assets attributable to unitholders

	2015 $	2014 $
At 1 July - opening	**71,052,180**	**85,511,987**
Change in net assets attributable to unitholders	1,858,941	(13,490,544)
Calls of capital	-	-
Return of capital	(14,537,409)	(969,263)
At 30 June - closing	**58,373,712**	**71,052,180**

Net assets attributable to unitholders represent the liability to unitholders in the event the unitholder exercises its option to redeem its units.

The statement of changes in net assets attributable to unitholders is to be read in conjunction with the notes to the financial report set out on pages 8 to 15.

Statement of cash flows

	Note	2015 $	2014 $
Cash flows from operating activities			
Interest received		968	538
Dividends received		843,837	1,569,670
Net cash provided by operating activities	9	844,805	1,570,208
Cash flows by investing activities			
Return of capital		14,379,398	3,269,602
Calls on capital		-	-
Net cash provided by investing activities		14,379,398	3,269,602
Cash flows from financing activities			
Capital return		(14,847,086)	(2,959,778)
Capital calls		-	-
Distributions to unitholders		(1,153,334)	(1,265,113)
Net cash provided by financing activities		(16,000,420)	(4,224,891)
Effects of exchange rate changes on cash and cash equivalents		162,804	-
Net increase/ (decrease) in cash held		(613,413)	614,919
Cash at the beginning of the year		614,919	-
Cash at the end of the year		1,506	614,919

The statement of cash flows is to be read in conjunction with the notes to the financial report set out on pages 8 to 15.

Note 1 General information

These special purpose financial statements cover Pisco STC Funds Unit Trust No. 1 ('the Trust') as an individual entity. The Trust is an Australian unregistered scheme. The Trust will terminate in accordance with the provisions of the Trust Deed.

SAS Trustee Corporation Pooled Fund is the only unitholder of the Trust. The Trust is a controlled entity of SAS Trustee Corporation Pooled Fund.

The nature of the operating and principal activities of the Trust are described in the directors' report. The Trust is a for profit entity.

Note 2 Summary of significant accounting policies

The directors have determined that the Trust is not a reporting entity and accordingly these financial statements are special purpose financial statements prepared for the sole purpose of distributing financial statements to members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared in accordance with the requirements of the following accounting standards adopted by the Australian Accounting Standards Board ("AASB").

AASB 101 *Presentation of Financial Statements*
AASB 107 *Statement of Cash Flows*
AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of a financial report in conformity with Australian Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

Note 2 Summary of significant accounting policies (continued)

Financial Instruments

Classification
The Trust's investments are classified as at fair value through profit or loss. They comprise financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in unlisted investment vehicles.

Recognition/derecognition
Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Trust has transferred substantially all risks and rewards of ownership.

Measurement
Financial assets and liabilities held at fair value through profit or loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and with the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categories as held for trading unless they are designed as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Fair value in an inactive or unquoted market
The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. These include the use of discounted cash flow models and recent comparable market transactions, or any other valuation methodology that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow methodology is used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date. For other pricing models, inputs are based on market data at the end of the reporting period. Where valuations are used to determine the fair value, the valuation range is determined by an independent expert. The directors determine the fair value to adopt within this range.

In accordance with AAS 25 *Financial Reporting by Superannuation Plans* the fair value of the financial assets are measured net of disposal costs.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Note 2 Summary of significant accounting policies (continued)

Net assets attributable to unitholders
Units are redeemable at the unitholders' option and are classified as financial liabilities. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholder exercised their right to redeem units in the Trust.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Payments and receipts relating to the purchase and sale of investment interests designated at fair value are classified as cash flows from investing activities, as movements in the fair value of these interests represent the Trust's investment activity.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments. Gains and losses arising from changes in fair value are included in the income statement in the period in which they arise.

Financial liabilities
Non-derivative financial liabilities are reflected at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

Impairment
At each reporting date, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Investment Income
Dividend income is recognised on the ex-dividend date when the right to receive payment is established with any related foreign withholding tax recorded as an expense.

Income tax
Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Note 2 Summary of significant accounting policies (continued)

Income tax (continued)
Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

Distributions
In accordance with the Trust Deed, the Trust distributes income adjusted for amounts determined by the Trustee, to unitholders by cash. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

Change in net assets attributable to unitholders
Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

Receivables
Receivables may include amounts for dividends, and are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Payables
The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

Foreign currency
Transactions in foreign currencies are translated into presentation currency, Australian dollars, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Australian dollars at the foreign exchange rate ruling at the reporting date.

Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the transaction. Non monetary items measured at fair value in a foreign currency shall be translated to Australian dollars using the exchange rates ruling at the date when the fair value was determined.

Use of estimates
The Trust holds financial assets which are determined based on estimates and assumptions of future events. Financial assets are fair valued every six months using valuation methodology as described in Note 5. Where valuation methodology (for example, discounted cash flow models) is used to determine fair values, the valuation range is determined by an independent expert. The directors determine the fair value to adopt within this range. Models use observable data, to the extent practicable. Changes in assumptions could materially affect the reported fair value of financial assets

Note 2 Summary of significant accounting policies (continued)

Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value per class. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Trust Deed, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

Note 3 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial instruments held at fair value through profit or loss:

	2015 $	2014 $
Designated at fair value	(8,983,743)	(12,594,401)
Less: Adjustment relating to recognition of net fair value on financial instruments instead of gross fair value as at 30 June 2014.	(1,421,027)	-
Net gain/(loss) on financial instruments held at fair value through profit or loss	(10,404,770)	(12,594,401)

Note 4 Distributions to unitholders

The distributions for the year were as follow:

	2015 $	2014 $
Distributions paid	848,922	362,938
Distributions payable	-	304,412
	848,922	667,350

The component of the final distribution for the year which was unpaid at the reporting date is shown in the statement of financial position.

Note 5 Financial assets held at fair value through profit or loss

Designated at fair value through profit or loss	2015 $	2014 $
Unlisted investment – GasValpo	58,372,206	71,051,350
Total financial assets held at fair value through profit or loss	58,372,206	71,051,350

Note 5 Financial assets held at fair value through profit or loss (continued)

The carrying value presented above, and as recorded by the custodian, reflects the net fair market value of the investment in GasValpo, post-realisation costs of 2% (2014 net fair value: $69,630,323). The fair value of the investment in GasValpo has been determined by an independent expert, using a discounted cashflow model. The market discount rate calculated and used at 30 June 2015 is 11.25% (2014: 12.0%).

The independent expert as at 30 June 2015 was PwC (2014: PwC).

Note 6 Payables

The following details the amounts payable by the Trust:

	2015 $	2014 $
Return of capital payable to unitholders	-	309,677

Note 7 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year are set out below. As stipulated within the Trust Deed, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights, preferences and restrictions attaching to it as all other units of the Trust.

2015	Initial units ($)	Contributed unit capital ($)	Retained earnings ($)	Total ($)
Balance 1 July 2014	107	32,726,121	38,325,952	71,052,180
Return of Capital	-	(14,537,409)	-	(14,537,409)
Calls on Capital	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	1,858,941	1,858,941
Balance 30 June 2015	107	18,188,712	40,184,893	58,373,712

Note 7 Net assets attributable to unitholders (continued)

2014	Initial units	Contributed unit capital	Retained earnings	Total
	($)	($)	($)	($)
Balance 1 July 2013	107	33,695,384	51,816,496	85,511,987
Return of Capital	-	(969,263)	-	(969,263)
Calls on Capital	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	(13,490,544)	(13,490,544)
Balance 30 June 2014	107	32,726,121	38,325,952	71,052,180

Capital risk management
The Trust considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The Trust receives dividends and pays distributions. All Trust expenses were paid by SAS Trustee on behalf of the Trust during the year.

Note 8 Related party transactions

The Trustee of Pisco STC Funds Unit Trust No. 1 is Fidante Partners Services Limited whose immediate parent company is Challenger Funds Management Holdings Pty Limited and ultimate parent company is Challenger Limited.

Key management personnel
Key management personnel includes persons who were directors of Fidante Partners Services Limited at any time during the financial year and up to the date of the report as follows:

B J O'Connor
P D Rogan
I Saines (appointed 21 May 2015)
A Tobin
R Willis
R J Woods (resigned 27 April 2015)

Other key management personnel
The Trustee is considered to be the key management personnel with authority for the strategic direction and management of the Trust.

Key management personnel compensation
No amount is paid by the Trust directly to the directors of the Trustee.

Note 8 Related party transactions (continued)

Key management personnel unitholdings
At 30 June 2015 no key management personnel held units in the Trust (2014: Nil).

No director has entered into a material contract with the Trust and there were no material contracts involving directors existing at the year end.

There were no contracts involving the Trustee Company and the Trust existing at year end.

Note 9 Reconciliation of profit to net cash inflow from operating activities

	2015 $	2014 $
Net profit attributable to unitholders	2,707,863	(12,823,194)
Change in the fair value of financial assets	10,404,770	12,594,401
Foreign exchange (gains)/losses	(12,267,828)	896,826
Net change in other assets and liabilities	-	902,175
Net cash inflow from operating activities	**844,805**	**1,570,208**

Note 10 Events occurring after the reporting period

No significant events have occurred since the reporting date which would impact on the financial position of the Trust as at 30 June 2015 or on the results and cash flows of the Trust for the year ended on that date.

Note 11 Commitments, contingent assets and contingent liabilities

At 30 June 2015 there were no material commitments for capital expenditure, lease hire expenditure, nor any other type of expenditure not included in the accounts, nor were there any contingent liabilities or contingent assets.

Note 12 Trust details

The registered office of the Trust is:

c/- Fidante Partners Services Limited
Level 15
255 Pitt Street
Sydney NSW 2000

Directors' declaration

In accordance with the resolution of the directors of Fidante Partners Services Limited, I state that:

In the opinion of the directors:

(a) the Trust is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 4 to 15:
   (i) give a true and fair view of the Trust's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;
   (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2 to the financial statements; and

(c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board of Fidante Partners Services Limited

B J O'Connor
Director

Sydney
31 August 2015

Pisco STC Funds Unit Trust No.2

Special Purpose Financial Report – 30 June 2015

Pisco STC Funds Unit Trust No.2
Special Purpose Financial Report - 30 June 2015

Contents

These financial statements cover Pisco STC Funds Unit Trust No.2 as an individual entity.

The Trustee of Pisco STC Funds Unit Trust No.2 is Fidante Partners Services Limited (ABN 44 119 605 373).

The Trustee's registered office is:
Level 15, 255 Pitt Street
SYDNEY NSW 2000

Directors' Report

The directors of the Trustee Company, Fidante Partners Services Limited (the "Trustee"), present their report together with the special purpose financial report of Pisco STC Funds Unit Trust No.2 (the "Trust") for the year ended 30 June 2015.

Directors

The following persons held office as directors of Fidante Partners Services Limited during the year or since the end of the year and up to the date of this report:

B J O'Connor
P D Rogan
I Saines (appointed 21 May 2015)
A Tobin
R Willis
R J Woods (resigned 27 April 2015)

Principal activities

The principal activity of the Trust during the year was to invest in accordance with the provisions of the Trust Deed, being a 13.9% interest in the Challenger Limited and Mitsui Emerging Markets Infrastructure Fund (EMIF).

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

The Asset Management of the Trust was delegated from Challenger Management Services Ltd to Whitehelm Capital Pty Ltd on 1 July 2014.

Review and results of operations

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

	2015 $	2014 $
Net operating profit/(loss)	6,046,876	(1,320,176)
Distributions paid and payable	4,714,149	1,486,379

There was also a return of capital from EMIF of $4,505,657 (2014: nil) paid to its unitholder and capital calls of $5,458,916 (2014: $14,947,763).

Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Matters subsequent to the end of the financial year

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly:

- the operations of the Trust in future financial years;
- the results of those operations in future financial years; and
- the state of affairs of the Trust in future financial years.

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

Indemnification and insurance of officers and auditors
No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the officers of Fidante Partners Services Limited. So long as the officers of Fidante Partners Services Limited act in accordance with the Trust Deed and the Corporations Act 2001, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Fees paid to and interests held in the Trust by the Trustee
There were no fees paid to the Trustee and its associates out of the Trust's property during the period.

The Trustee held no units in the Trust at year end.

Interests in the Trust
The Trust is a closed fund with 24,126,039 (2014: 7,803,435) units on issue.

Value of assets	2015 $	2014 $
Value of Trust assets at 30 June	24,445,496	22,159,510

The value of the Trust's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation
The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Options
No options have been granted to any person in relation to any units in the Trust.

Signed in accordance with a resolution of directors:

....
B J O'Connor
Director

Sydney
31 August 2015

Statement of comprehensive income

	Note	2015 $	2014 $
Income			
Distribution received		4,788,084	1,268,703
Interest received		895	98
Management fee rebate		250,295	218,822
Foreign currency gain		4,298,996	-
Total Income		**9,338,270**	**1,487,623**
Expenses			
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	3,291,393	2,185,061
Foreign currency loss		-	622,738
Total expenses		**3,291,393**	**2,808,443**
Profit/(Loss) before finance costs		**6,046,876**	**(1,320,176)**
Finance costs attributable to unitholders			
Distributions to unitholders	4	(4,714,149)	(1,486,379)
Increase in net assets attributable to unitholders	6	(1,332,727)	2,806,555
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The statement of comprehensive income is to be read in conjunction with the notes to the financial report set out on pages 8 to 15.

Statement of financial position

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents		993	98
Total current assets		993	98
Non-current assets			
Financial assets held at fair value through profit or loss	5	24,444,503	22,159,412
Total non-current assets		24,444,503	22,159,412
Total assets		24,445,496	22,159,510
Current liabilities		-	-
Total current liabilities		-	-
Non-current liabilities		-	-
Total non-current liabilities		-	-
Total liabilities (excluding net assets attributable to unitholders)		-	-
Net assets attributable to unitholders - liability	6	24,445,496	22,159,510

The statement of financial position is to be read in conjunction with the notes to the financial report set out on pages 8 to 15.

Statement of changes net assets attributable to unitholders

	2015 $	2014 $
At 1 July - opening	**22,159,510**	**10,018,302**
Change in net assets attributable to unitholders	1,332,727	(2,806,555)
Calls of capital	5,458,916	14,947,736
Return of capital	(4,505,657)	-
At 30 June - closing	**24,445,496**	**22,159,510**

The statement of changes in net assets attributable to unitholders is to be read in conjunction with the notes to the financial report set out on pages 8 to 15.

Statement of cash flows

	Note	2015 $	2014 $
Cash flows from operating activities			
Dividends received		4,788,084	909,355
Interest received		895	98
Management fee rebate		250,295	218,822
Net cash provided by operating activities	9	5,039,274	1,128,275
Cash flows by investing activities			
Calls on capital		(593,877)	(14,588,415)
Purchase of additional units		(5,149,843)	-
Return of capital		4,775,304	-
Net cash provided by investing activities		(968,416)	(14,588,415)
Cash flows from financing activities			
Distributions to unitholders		(4,714,149)	(1,127,031)
Capital calls		5,458,915	14,588,415
Capital repayment to unitholders		(4,505,657)	-
Net cash provided by financing activities		(3,760,891)	13,461,384
Effects of exchange rate changes on cash and cash equivalents		(309,072)	(1,146)
Net increase/ (decrease) in cash held		895	1,244
Cash at the beginning of the year		98	-
Cash at the end of the year		993	98

The statement of cash flows is to be read in conjunction with the notes to the financial report set out on pages 8 to 15.

Note 1 General information

These special purpose financial statements cover Pisco STC Funds Unit Trust No.2 ('the Trust') as an individual entity. The Trust is an Australian unregistered scheme. The Trust will terminate in accordance with the provisions of the Trust Deed.

SAS Trustee Corporation Pooled Fund is the only unitholder of the Trust. The Trust is a controlled entity of SAS Trustee Corporation Pooled Fund.

The nature of the operating and principal activities of the Trust are described in the directors' report. The Trust is a for profit entity.

Note 2 Summary of significant accounting policies

The directors have determined that the Trust is not a reporting entity and accordingly these financial statements are special purpose financial statements prepared for the sole purpose of distributing financial statements to members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared in accordance with the requirements of the following accounting standards adopted by the Australian Accounting Standards Board ("AASB").

AASB 101 *Presentation of Financial Statements*
AASB 107 *Statement of Cash Flows*
AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of a financial report in conformity with Australian Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

Note 2 Summary of significant accounting policies (continued)

Financial Instruments

Classification
The Trust's investments are classified as at fair value through profit or loss. They comprise financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in unlisted investment vehicles.

Recognition/derecognition
Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Trust has transferred substantially all risks and rewards of ownership.

Measurement
Financial assets and liabilities held at fair value through profit or loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and with the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categories as held for trading unless they are designed as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Fair value in an inactive or unquoted market
The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. These include the use of discounted cash flow models and recent comparable market transactions, or any other valuation methodology that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow methodology is used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date. For other pricing models, inputs are based on market data at the end of the reporting period. Where valuations are used to determine the fair value, the valuation range is determined by an independent expert. The directors determine the fair value to adopt within this range.

In accordance with AAS 25 *Financial Reporting by Superannuation Plans* the fair value of the financial assets are measured net of disposal costs.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Note 2 Summary of significant accounting policies (continued)

Net assets attributable to unitholders
Units are redeemable at the unitholders' option and are classified as financial liabilities. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholder exercised their right to redeem units in the Trust.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Payments and receipts relating to the purchase and sale of investment interests designated at fair value are classified as cash flows from investing activities, as movements in the fair value of these interests represent the Trust's investment activity.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments. Gains and losses arising from changes in fair value are included in the income statement in the period in which they arise.

Financial liabilities
Non-derivative financial liabilities are reflected at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

Impairment
At each reporting date, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Investment income
Dividend income is recognised on the ex-dividend date when the right to receive payment is established with any related foreign withholding tax recorded as an expense.

Income tax
Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Note 2 Summary of significant accounting policies (continued)

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

Distributions
In accordance with the Trust Deed, the Trust distributes income adjusted for amounts determined by the Trustee, to unitholders by cash. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

Change in net assets attributable to unitholders
Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

Receivables
Receivables may include amounts for dividends, and are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Payables
The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

Foreign currency
Transactions in foreign currencies are translated into presentation currency, Australian dollars, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Australian dollars at the foreign exchange rate ruling at the reporting date.

Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the transaction. Non monetary items measured at fair value in a foreign currency shall be translated to Australian dollars using the exchange rates ruling at the date when the fair value was determined.

Use of estimates
The Trust holds financial assets which are determined based on estimates and assumptions of future events. Financial assets are fair valued every six months using valuation methodology as described in Note 5. Where valuation methodology (for example, discounted cash flow models) is used to determine fair values, the valuation range is determined by an independent expert. The directors determine the fair value to adopt within this range. Models use observable data, to the extent practicable. Changes in assumptions could materially affect the reported fair value of financial assets

Note 2 Summary of significant accounting policies (continued)

Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value per class. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Trust Deed, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

Note 3 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial instruments held at fair value through profit or loss:

	2015 $	2014 $
Designated at fair value	(3,290,749)	(2,185,061)
Less: Adjustment relating to change in recognition of net fair value on financial instruments as at 30 June 2014	(644)	-
Net gain/(loss) on financial instruments held at fair value through profit or loss	(3,291,393)	(2,185,061)

Note 4 Distributions to unitholders

The distributions for the year were as follow:

	2015 $	2014 $
Distributions paid	4,714,149	1,486,379

The component of the final distribution for the year which was unpaid at the reporting date is shown in the statement of financial position.

Note 5 Financial assets held at fair value through profit or loss

	2015	2014
Designated at fair value through profit or loss	$	$
Unlisted investment – EMIF	24,444,503	22,159,412
Total financial assets held at fair value through profit or loss	24,444,503	22,159,412

Note 5 Financial assets held at fair value through profit or loss (continued)

The carrying value presented above, and as recorded by the custodian, reflects the net fair market value of the investment in GasValpo, post-realisation costs.

The fair value has been determined using the Manager's valuation of EMIF's underlying assets.

Note 6 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year are set out below. As stipulated within the Trust Deed, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights, preferences and restrictions attaching to it as all other units of the Trust.

2015	Initial units	Contributed unit capital	Retained earnings	Total
	($)	($)	($)	($)
Balance 1 July 2014	106	22,668,766	(509,362)	22,159,510
Return of Capital	-	(4,505,657)	-	(4,505,657)
Calls on Capital	-	5,458,916	-	5,458,916
Increase/(decrease) in net assets attributable to unitholders	-	-	1,332,727	1,332,727
Balance 30 June 2015	106	23,662,025	823,365	24,445,496

2014	Initial units	Contributed unit capital	Retained earnings	Total
	($)	($)	($)	($)
Balance 1 July 2013	106	7,721,003	2,297,193	10,018,302
Return of Capital	-	-	-	-
Calls on Capital	-	14,947,763	-	14,947,763
Increase/(decrease) in net assets attributable to unitholders	-	-	(2,806,555)	(2,806,555)
Balance 30 June 2014	106	22,668,766	(509,362)	22,159,510

Capital risk management

The Trust considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The Trust receives dividends and pays distributions. All Trust expenses were paid by SAS Trustee on behalf of the Trust during the year.

Note 7 Capital commitments

The total capital commitments to EMIF by the Trust as at 30 June 2015 are US$38.0m (2014: US$38.0m), of which US$19.0m is unpaid as at 30 June 2015 (2014: US$24.7m).

Note 8 Related party transactions

The Trustee of Pisco STC Funds Unit Trust No.2 is Fidante Partners Services Limited whose immediate parent company is Challenger Funds Management Holdings Pty Limited and ultimate parent company is Challenger Limited.

Key management personnel
Key management personnel includes persons who were directors of Fidante Partners Services Limited at any time during the financial year and up to the date of the report as follows:

B J O'Connor
P D Rogan
I Saines (appointed 21 May 2015)
A Tobin
R Willis (resigned 27 April 2015)
R J Woods

Other key management personnel
The Trustee is considered to be the key management personnel with authority for the strategic direction and management of the Trust.

Key management personnel compensation
No amount is paid by the Trust directly to the directors of the Trustee.

Key management personnel unitholdings
At 30 June 2015 no key management personnel held units in the Trust (2014: Nil).

No director has entered into a material contract with the Trust and there were no material contracts involving directors existing at the year end.

There were no contracts involving the Trustee Company and the Trust existing at year end.

Note 9 Reconciliation of profit to net cash inflow from operating activities

	2015 $	2014 $
Net profit attributable to unitholders	6,046,876	(1,320,176)
Change in the fair value of financial assets	3,291,393	2,185,061
Foreign exchange (gains)/losses	(4,298,996)	622,738
Net change in other assets	-	(359,348)
Net cash inflow from operating activities	5,039,274	1,128,275

Note 10 Events occurring after the reporting period

No significant events have occurred since the reporting date which would impact on the financial position of the Trust as at 30 June 2015 or on the results and cash flows of the Trust for the year ended on that date.

Note 11 Commitments, contingent assets and contingent liabilities

At 30 June 2015 there were no material commitments for capital expenditure, lease hire expenditure, nor any other type of expenditure not included in the accounts, nor were there any contingent liabilities or contingent assets.

Note 12 Trust details

The registered office of the Trust is:

c/- Fidante Partners Services Limited
Level 15
255 Pitt Street
Sydney NSW 2000

Directors' declaration

In accordance with the resolution of the directors of Fidante Partners Services Limited, I state that:

In the opinion of the directors:

(a) the Trust is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 4 to 15:
   (i) give a true and fair view of the Trust's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;
   (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2 to the financial statements; and

(c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board of Fidante Partners Services Limited

....

B J O'Connor
Director

Sydney
31 August 2015

Project Cricket State Super Unit Trust

SPECIAL PURPOSE FINANCIAL REPORT

30 JUNE 2015

Project Cricket State Super Unit Trust
Trustee's Report

The directors of the Trustee Company, STC Funds Nominee Pty Ltd (the "Trustee"), present their report together with the special purpose financial report of Project Cricket State Super Unit Trust (the "Trust") for the year ended 30 June 2015.

Directors
The directors of the Trustee at any time during or since the end of the financial year are:

L Buck (appointed 8 August 2014)
J Livanas (appointed 1 July 2014)
G Matthews (resigned 1 July 2014)
T Snow (resigned 1 July 2014)

Principal activities
The principal activity of the Trust from its inception on 19 October 2007 to 30 June 2015 was an investment trust.

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

Review and results of operations
The net loss for the year was $7,304,048.

Distributions
Distributions to unit holders during the period included income distributions of $3,527,837 and capital distributions of $257,292. There was also a return of capital of $7,045,000 during the period.

State of affairs
Over the course of the year, the final distribution was received from the liquidation of the Trust's interest in Carrix, Inc. Subsequently, the Trust made an investment with Hastings Infrastructure (via two separate applications for units during August 2014). We note the activities of the Trust, being an investment trust, have remained unchanged.

Events subsequent to balance date
There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Likely developments
In the opinion of the Trustee, information about likely developments in the operations of the Trust and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Trust.

Project Cricket State Super Unit Trust
Trustee's Report

Interest of the Trustee

There were no fees paid to the Trustee and its associates out of the Trust's property during the period.

The Trustee held no units in the Trust at year end.

Indemnification and insurance of officers and auditors

No insurance premiums are paid out of the assets of the Trust for insurance cover provided to the Trustee or auditor of the Trust. If the Trustee acts in accordance with the constitution and the law, the Trustee is generally entitled to indemnity out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is not indemnified out of the assets of the Trust.

Options

No options have been granted to any person in relation to any units in the Trust.

Signed in accordance with a resolution of the Trustee:

....

Director

Dated at Sydney this 20th day of October 2015.

Project Cricket State Super Unit Trust
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue from operating activities	2	6,758,632	4,153,628
Expenses from operating activities	3	14,062,680	510,834
Profit/(Loss) for the year		(7,304,048)	3,642,794

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Project Cricket State Super Unit Trust
Statement of Changes in Equity
For the year ended 30 June 2015

	Number of units on issue	Contributed unit capital ($)	Retained earnings ($)	Total ($)
Balance 1 July 2014	105,210,698	114,470,127	(107,351,883)	7,118,244
Capital contributed	-	172,092,330	-	172,092,330
Return of capital	-	(7,302,292)	-	(7,302,292)
Profit/(Loss) attributable to Trust	-	-	(7,304,048)	(7,304,048)
Distributions paid to unit holders	-	-	(3,527,837)	(3,527,837)
Balance 30 June 2015	105,210,698	279,260,165	(118,183,768)	161,076,397

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Project Cricket State Super Unit Trust
Statement of Financial Position
As at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Settlement sum		112	112
Cash at bank		-	7,118,132
Distribution receivable		2,880,951	-
Total current assets		2,881,063	7,118,244
Non-current assets		-	-
Investments	4	158,195,334	-
Total non-current assets		158,195,334	-
Total assets		161,076,397	7,118,244
Current liabilities		-	-
Total current liabilities		-	-
Non-current liabilities		-	-
Total non-current liabilities		-	-
Net assets attributable to unit holders		161,076,397	7,118,244
Net assets attributable to unit holders - Equity		161,076,397	7,118,244

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Project Cricket State Super Unit Trust
Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities		-	-
Net cash provided by operating activities		-	-
Cash flows from investing activities			
Distributions received		3,527,837	-
Purchase of investment		(179,303,014)	-
Partial redemption of investment		7,045,000	-
Realised foreign exchange gain		92,552	-
Proceeds from liquidation of investments		257,292	7,628,966
Net cash provided by/(used in) investing activities		(168,380,333)	7,628,966
Cash flows from financing activities			
Capital contributed		172,092,330	-
Return of capital paid to unit holders		(7,302,292)	-
Distributions paid		(3,527,837)	-
Net cash provided by/ (used in) financing activities		161,262,201	-
Effects of exchange rates on cash and cash equivalents		-	(510,834)
Net increase/(decrease) in cash held		(7,118,132)	7,118,132
Cash at the beginning of the year		7,118,132	-
Cash at the end of the year		-	7,118,132

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Note 1 Statement of Significant Accounting Policies

The undertakings of the Trust are carried out by the Trustee, STC Funds Nominee Pty Ltd, on behalf of the Trust. The Trust was established for the purpose of investing in unlisted company investments.

In the opinion of the Trustee the Trust is not a reporting entity. The financial report of the Trust has been drawn up as a special purpose financial report in order to fulfill the Trustee's duties under the Trust Deed to prepare financial statements.

The financial report has been prepared in accordance with the requirements of the following accounting standards adopted by the Australian Accounting Standards Board ("AASB").

AASB 101 *Presentation of Financial Statements*
AASB 107 *Statement of Cash Flows*
AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
AASB 1048 *Interpretation of Standards*

No other accounting standards, accounting interpretations or other authoritative pronouncements of the AASB have been applied.

(a) Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of a financial report in conformity with Australian Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

Note 1 Statement of Significant Accounting Policies (continued)

(b) Financial Instruments

Recognition
Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and with the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categories as held for trading unless they are designed as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments. Gains and losses arising from changes in fair value are included in the income statement in the period in which they arise.

Financial liabilities
Non-derivative financial liabilities are reflected at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

Fair value
Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transaction, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Project Cricket State Super Unit Trust
Notes to and forming part of the financial report
For the year ended 30 June 2015

		2015 $	2014 $
Note 2	**Revenue**		
	Trust distributions	6,408,788	-
	Capital profit on liquidation of investments	257,292	4,153,628
	Foreign exchange gain	92,552	-
		6,758,632	4,153,628
Note 3	**Expenses**		
	Movement in fair value of financial assets	14,062,680	-
	Foreign exchange loss	-	510,834
		14,062,680	510,834
Note 4	**Financial assets held at fair value through profit and loss**		
	Queensland Airports Limited	158,195,334	-
		158,195,334	-

Note 5 Related Parties

The names of each person holding the position of director of the Trustee Company STC Funds Nominee Pty Ltd during or since the end of the financial year are:

L Buck (appointed 8 August 2014)
J Livanas (appointed 1 July 2014)
G Matthews (resigned 1 July 2014)
T Snow (resigned 1 July 2014)

Note 6 Related Parties (continued)

No director has entered into a material contract with the Trust and there were no material contracts involving directors existing at the year end.

There were no contracts involving the Trustee Company and the Trust existing at year end.

Note 7 Commitments, contingent assets and contingent liabilities

At 30 June 2015 there were no material commitments for capital expenditure, lease hire expenditure, nor any other type of expenditure not included in the accounts, nor were there any contingent liabilities or contingent assets.

Note 8 Trust details

The registered office of the Trust is:

c/- SAS Trustee Corporation
Level 16
83 Clarence Street
Sydney NSW 2000

Project Cricket State Super Unit Trust
Statement by Trustee

The directors of the Trustee Company, STC Funds Nominee Pty Ltd, declare that the Trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of STC Funds Nominee Pty Ltd, the Trustee:

1. (a) the Project Cricket State Super Unit Trust has operated during the year ended 30 June 2015 in accordance with the provisions of the Trust Deed dated 19 October 2007; and

   (b) the accompanying financial statements, consisting of Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and accompanying notes set out on pages 3 to 10 are properly drawn up in accordance with the basis of accounting described in Note 1 and the Trust Deed so as to present fairly the financial position of the Trust as at 30 June 2015 and the revenue and expenses of the Trust for the year ended 30 June 2015.

2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of the STC Funds Nominee Pty Ltd:

....
Director

Dated at Sydney this 20th day of October 2015.

SOUTHERN WAY UNIT TRUST

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

AMP Capital Investors Limited
33 Alfred Street,
Sydney, NSW 2000
ACN 001 777 591

SOUTHERN WAY UNIT TRUST

TABLE OF CONTENTS

SOUTHERN WAY UNIT TRUST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	30 June 2015 $	30 June 2014 $
INVESTMENT INCOME			
Dividends		701,978	1,185,951
Distributions		16,441,551	5,150,612
Interest income		13,582	26,294
Net changes in the fair value of financial instruments measured at fair value through profit or loss		(4,292,137)	34,842,888
Total investment income/(loss)		12,864,974	41,205,745
EXPENSES			
Total expenses		-	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS		12,864,974	41,205,745
Finance costs attributable to unitholders			
Distributions to unitholders		(17,161,245)	(6,357,861)
(Increase)/decrease in net assets attributable to unitholders		4,296,271	(34,847,884)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-

SOUTHERN WAY UNIT TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	30 June 2015 $	30 June 2014 $
ASSETS			
Cash and cash equivalents	4(a)	825	4,952
Receivables	2	1	8
Financial assets measured at fair value through profit or loss			
Unlisted equity securities and managed investment funds		132,503,028	138,932,002
TOTAL ASSETS		132,503,854	138,936,962
LIABILITIES			
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		-	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		132,503,854	138,936,962

SOUTHERN WAY UNIT TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	$	$
Balance at the beginning of the financial year	138,936,962	83,735,873
Applications	-	35,744,781
Return of capital	(2,136,837)	(15,391,576)
	136,800,125	104,089,078
Increase/(decrease) in net assets attributable to unitholders	(4,296,271)	34,847,884
Balance at the end of the financial year	132,503,854	138,936,962

SOUTHERN WAY UNIT TRUST

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	30 June 2015 $	30 June 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		701,978	1,185,951
Distributions received		16,441,551	5,150,612
Interest received		13,589	26,286
Net cash inflow/(outflow) from operating activities	4(b)	17,157,118	6,362,849
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of financial instruments measured at fair value through profit or loss		2,136,837	15,391,540
Payments for purchases of financial instruments measured at fair value through profit or loss		-	(35,744,781)
Net cash inflow/(outflow) from investing activities		2,136,837	(20,353,241)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from applications by unitholders		-	35,744,781
Distributions paid		(17,161,245)	(6,357,861)
Return of capital paid		(2,136,837)	(15,391,576)
Net cash inflow/(outflow) from financing activities		(19,298,082)	13,995,344
Net increase/(decrease) in cash and cash equivalents held		(4,127)	4,952
Cash and cash equivalents at the beginning of the financial year		4,952	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4(a)	825	4,952

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Trust Information

The Southern Way Unit Trust (the "Trust") is an unregistered unit trust. AMP Capital Investors Limited, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at 33 Alfred Street, Sydney, NSW 2000.

The Investment Manager of the Trust is AMP Capital Investors Limited, a subsidiary of AMP Limited.

The principal activity of the Trust during the financial year was the investment of unitholders' funds in accordance with the Trust Deed. There has been no significant change in the nature of this activity during the financial year.

(b) Basis of Preparation

This special purpose Financial Report has been prepared for distribution to the unitholders to fulfill the financial reporting requirements under the Trust Deed. In the opinion of the Trustee, the Trust is not deemed to be a "reporting entity" because there are no users dependent on a general purpose Financial Report.

The Financial Report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Trustee to meet the needs of users of the Financial Report. The Financial Report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders which may not be settled within 12 months. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss have been classified as held for trading as they are part of a portfolio which is managed for short-term gains. Financial assets are initially recognised at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Unlisted equity securities and managed investment funds

When the Trust invests in managed investments funds issued by a party whose unlisted equity securities are also held by the Trust, the fair value of such managed investement funds and unlisted equity securities, in combination is determined by the Investment Manager using the discounted cash flow methodology.

(d) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Trust's investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets is set out in Note 1(c).

Assessment of Trust investments as structured entities

The Trust has assessed whether the managed investment funds in which it invests should be classified as structured entities. The Trust has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Trust has concluded on whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds.

The Trust has concluded that the managed investment funds in which it invests in are not structured entities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend income

Dividends from unlisted companies are recognised when the dividend is received.

Distribution income

Distributions from unlisted managed investment funds are recognised as income on the date the unit is quoted ex-distribution.

Interest income

Interest income earned on cash and cash equivalents is recognised on an accruals basis.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(f) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(g) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(h) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Trustee's option and which the Trustee uses in its day to day management of the Trust's cash requirements.

(i) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at their nominal amounts. An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Bad debts are written off when identified less any allowance for doubtful debts. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

(j) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves and are classified as financial liabilities and not as equity because the Trustee has a contractual obligation to pay distributable income of the Trust to unitholders and units are redeemable at the unitholders' option (subject to the provisions of the Trust Deed). As there are no equityholders, total comprehensive income attributable to unitholders and equity for the Trust is nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of financial assets and derivative financial instruments. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if unitholders exercised their right to redeem their units. The Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders.

(k) Taxation

Under current legislation, the Trust is not liable to pay income tax since, under the terms of the Trust Deed, the unitholders are presently entitled to the income of the Trust.

(l) Distributable Income

In accordance with the Trust Deed, the Trust fully distributes its distributable income to unitholders each tax year. Such distributions are determined by reference to the taxable income of the Trust. Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributable income includes capital gains arising from the disposal of assets.

Distributable income does not include unrealised gains and losses arising from changes in the fair value of financial assets and derivative financial instruments; accrued income not yet assessable; expenses provided for or accrued but not yet deductible; tax free or deferred income and realised capital losses which are retained to offset future realised capital gains.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Trust, is the Australian dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

(n) Terms and Conditions of Units on Issue

Issued and paid up units are initially recognised at the fair value of the consideration received by the Trust.

Each unit confers upon the unitholder an equal interest in the Trust (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset of the Trust.

Unitholders have various rights under the Trust Deed, including the right to:

- have their units redeemed
- receive income distributions
- attend and vote at meetings of unitholders
- participate in the termination and winding up of the Trust

Applications received for units in the Trust are recognised net of any transaction costs arising on the issue of units in the Trust. Redemptions from the Trust are recognised gross of any transaction costs payable after the cancellation of units redeemed. Unit exit prices are determined in accordance with the Trust Deed and are calculated on a forward pricing basis as the redemption price per unit less any estimated transaction costs.

(o) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recognised with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financial activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	30 June 2015 $	30 June 2014 $
NOTE 2: RECEIVABLES		
Interest receivable	1	8
	1	8

	30 June 2015 Units	30 June 2014 Units
NOTE 3: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
The movement in the number of units on issue during the financial year was as follows:		
Units on Issue		
Opening balance	62,671,254	43,922,745
Applications	-	18,748,509
Closing balance	62,671,254	62,671,254

	30 June 2015 $	30 June 2014 $
NOTE 4: CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is linked to the related item in the Statement of Financial Position as follows:		
Cash at bank	825	4,952
	825	4,952
(b) Reconciliation of net profit/(loss) attributable to unitholders before finance costs to net cash inflow/(outflow) from operating activities		
Net profit/(loss) attributable to unitholders before finance costs	12,864,974	41,205,745
Net changes in the fair value of financial instruments measured at fair value through profit or loss	4,292,137	(34,842,888)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	7	(8)
Net cash inflow/(outflow) from operating activities	17,157,118	6,362,849

NOTE 5: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2015 (30 June 2014: nil) other than those specified in the Financial Report.

NOTE 6: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 30 June 2015 there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

NOTE 7: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the Southern Way Unit Trust for the financial year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors of AMP Capital Investors Limited on 9 September 2015.

SOUTHERN WAY UNIT TRUST

STATEMENT BY THE TRUSTEE

As stated in Note 1(b) to the Financial Statements, in the Trustee's opinion, the Trust is not a "reporting entity".

In accordance with a resolution of the Directors of AMP Capital Investors Limited, the Trustee, I state that in the opinion of the Directors of the Trustee:

(a) The Financial Statements and notes are in accordance with the requirements of the Trust Deed, and:

  (i) are properly drawn up so as to present fairly the Trust's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

  (ii) comply with Australian Accounting Standards, as set out in Note 1(b) to the Financial Statements.

(b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Director

9 September 2015, Sydney

State Infrastructure Holdings 1 Pty Ltd

ABN: 69 167 280 471

Unaudited Special Purpose Financial Statements

For the Year Ended 30 June 2015

Confidential

Contents

For the Year Ended 30 June 2015

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Directors' Report
30 June 2015

The Directors present their report on State Infrastructure Holdings 1 Pty Ltd (the "Company") for the financial year ended 30 June 2015.

The Company was constituted on 17 December 2013.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Jeremy Andrew Don	Appointed: 17 December 2013 Resigned: 30 July 2015
Michael Charles Robinson	Appointed: 17 December 2013
Sara Mei Lee Leong	Appointed: 5 March 2014
Andrew David Barlass	Appointed: 30 July 2015 (altemate for Sara Mei Lee Leong)
Meng Foong Chan	Appointed: 30 July 2015 (altemate for Michael Charles Robinson)

Principal activities

The principal activity of State Infrastructure Holdings 1 Pty Ltd during the financial year was the investment of the shareholder's funds.

The registered office of the Company is Level 16, 126 -130 Phillip Street, Sydney NSW 2000.

Operating results

The profit of the Company after providing for income tax for the financial year ended 30 June 2015 was $4,547,873 (2014: loss of $ 7,266,143).

Dividends

There were no dividends paid or declared during the current financial year.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

The Directors are not aware of any matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect:

a) the operations of the Company in future financial years, or
b) the results of those operations in future financial years, or
c) the state of affairs of the Company in future financial years.

Future developments and results

Currently, there are no significant developments expected in respect of the Company. The performance of the Company in the future will be subject to the fair value of its investments.

Directors' Report
30 June 2015

Environmental and other Regulation

The Company's operations are not subject to any significant environmental regulations under Commonwealth, State or Territory law in Australia.

However, its investments are subject to regulation by various statutory authorities in the United Kingdom.

Insurance of Directors

No insurance premiums were paid for out of assets of the Company in regards to insurance cover provided to the Directors.

Audit

The Company is a non-disclosing entity and is regarded as a small proprietary company pursuant to 45A of the Corporations Act 2001 (Cth), hence no audit of financial statements is mandated.

Signed in accordance with a resolution of the Board of Directors:

Director: .... Director: ....

Michael Charles Robinson Sara Mei Lee Leong

Dated 12-08-2015

Sydney

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

	Note	2015 $	2014 $
Investment Income			
Interest income	3	14,963,717	11,424,955
Gain on investments held at fair value through profit or loss		6,482,298	-
Other income		44,062	221
		21,490,077	11,425,176
Expenses			
Administrative expenses		(23,337)	(49,038)
Loss on exchange differences		(6,060)	-
Loss on investments held at fair value through profit or loss		-	(10,331,388)
		(29,397)	**(10,380,426)**
Finance Costs			
Interest expenses		(14,963,719)	(11,424,954)
Profit / (Loss) before income tax		**6,496,961**	**(10,380,204)**
Income tax (expense) / benefit	4	(1,949,088)	3,114,061
Profit / (loss) for the period		**4,547,873**	**(7,266,143)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on foreign currency translation		35,089,976	(11,024,708)
Other comprehensive income for the year, net of tax		**35,089,976**	**(11,024,708)**
Total comprehensive income for the year		**39,637,849**	**(18,290,851)**

The accompanying notes form part of these financial statements.

State Infrastructure Holdings 1 Pty Ltd

ABN: 69 167 280 471

Statement of Financial Position

30 June 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash at bank		62,431	52,648
Trade and other receivables	5	3,670	2,468
Deferred tax assets	6	1,392,804	3,102,937
TOTAL CURRENT ASSETS		1,458,905	3,158,053
NON-CURRENT ASSETS			
Investment in equity securities	7	305,737,651	265,101,538
Investment in variable interest securities	7	223,300,791	183,341,149
TOTAL NON-CURRENT ASSETS		529,038,442	448,442,687
TOTAL ASSETS		530,497,347	451,600,740
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	14,825	23,800
Deferred tax liabilities	6	-	6
TOTAL CURRENT LIABILITIES		14,825	23,806
NON-CURRENT LIABILITIES			
Trade and other payable	8	5,812,476	4,802,113
Interest bearing loan	9	217,488,316	178,539,034
TOTAL NON-CURRENT LIABILITIES		223,300,792	183,341,147
TOTAL LIABILITIES		223,315,617	183,364,953
NET ASSETS		307,181,730	268,235,787
EQUITY			
Issued capital	10	285,834,732	286,526,638
Reserves	11	24,065,268	(11,024,708)
Retained earnings		(2,718,270)	(7,266,143)
TOTAL EQUITY		307,181,730	268,235,787

The accompanying notes form part of these financial statements.

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Statement of Changes in Equity
For Year Ended 30 June 2015

2015

	Note	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2014		**286,526,638**	**(7,266,143)**	**(11,024,708)**	**268,235,787**
Return of capital	10	(691,906)	-	-	(691,906)
Profit for the period		-	4,547,873	-	4,547,873
Other comprehensive income / (loss)	11	-	-	35,089,976	35,089,976
Balance at 30 June 2015		**285,834,732**	**(2,718,270)**	**24,065,268**	**307,181,730**

2014

	Note	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Total $
Balance at 17 December 2013		-	-	-	-
Contributed equity	10	287,609,112	-	-	287,609,112
Return of capital	10	(1,082,474)	-	-	(1,082,474)
Loss for the period		-	(7,266,143)	-	(7,266,143)
Other comprehensive income / (loss)	11	-	-	(11,024,708)	(11,024,708)
Balance at 30 June 2014		**286,526,638**	**(7,266,143)**	**(11,024,708)**	**268,235,787**

The accompanying notes form part of these financial statements.

Confidential

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Statement of Cash Flows
For the Year Ended 30 June 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Directors fee received		43,968	-
Payments to suppliers		(36,650)	(27,367)
GST refund received		2,453	-
Net cash provided by (used in) operating activities	14	9,771	(27,367)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from redemption of preference shares		683,834	1,082,284
Purchase of investments		-	(466,354,483)
Net cash used by investing activities		683,834	(465,272,199)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		-	287,609,112
Proceeds from borrowings		-	178,826,373
Return of share capital		(691,906)	(1,082,474)
Repayment of advances		-	(1,000)
Net cash used by financing activities		(691,906)	465,352,011
Net increase (decrease) in cash and cash equivalents held		1,699	52,445
Cash and cash equivalents at beginning of year		52,648	-
Net foreign exchange difference		8,084	203
Cash and cash equivalents at end of the period		62,431	52,648

The accompanying notes form part of these financial statements.

Confidential

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 General Information

State Infrastructure Holdings 1 Pty Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. A description of the nature of the Company's operations and its principal activities are included in the Directors' report.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

In the Directors' opinion, State Infrastructure Holdings 1 Pty Limited is a non-disclosing entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of the Company. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the Company.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") and the disclosure requirements of the following, except for the recognition and measurement of Loans and Receivables financial instrument, as required by AASB 139 'Recognition and Measurement of Financial Instruments'.

AASB 13 Fair Value Measurement

AASB 101 Presentations of Financial Statements

AASB 107 Cash Flow Statements

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 139 Recognition and measurement of Financial Instruments

AASB 1031 Materiality

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosures

State Infrastructure Holdings 1 Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below.

The financial statements are based on historical costs, except for investment, which has been measured at fair value.

(b) Financial instruments

Classification

The Company's investments are classified as at fair value through profit or loss. These are investments in equity and debt instruments, collectively known as investments, which are not held for trading purposes.

Recognition / derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(b) Financial Instruments continued

agreement and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets at fair value through profit and loss

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes recognised in the statement of profit and loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price, and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used includes discounted cashflow analysis, quoted comparable companies and market based transactions and other valuation techniques commonly used by market participants.

The ultimate holding entity of the Company is required to report the net market value of its assets in accordance to AAS25 (Financial Reporting for Superannuation Plans). Therefore the Company fair values its assets in accordance to AAS25. Under AAS25, the net market value is defined as the fair amount which could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising the proceeds of such a disposal.

Loans and receivables

Loans and Receivables financial assets are initially recognised at cost and are subsequently measured using the actual interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at fair value decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(c) Investment income

Interest income is recognised on an accrual basis. The company uses actual interest rate in calculating interest income from Eurobonds because the actual interest rate approximates the effective interest rate method, provided there are no transaction costs.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Expenses

All expenses are recognised in profit or loss on an accruals basis.

(f) Trade and other payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Amounts are generally paid within 30 days of being recorded as payables.

(g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(h) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(h) Income Tax continued

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(j) Foreign currency transactions and balances

The Company maintains its accounting books and records in Pound Sterling (GBP) on the basis that the Company's only activity is investment in UK based infrastructure assets. The equity funding provided by the shareholder of the Company and the investments in the underlying UK assets have all been in GBP.

For the statutory compliance and financial reporting purposes, the Company translates its financial records from Pound Sterling to Australian Dollars at the end of the reporting period. Balance sheet items are translated using the closing spot rate on the reporting date and profit and loss items are translated using the average rate for the reporting period. The rates used for translation are London 4 pm retes, provided by JP Morgan as the Custodian of SAS Trustee Corporation, the ultimate holding entity of the Company.

Exchange differences arising on translation are recognised in other comprehensive income as foreign currency translation reserve.

(k) Use of estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are periodically reviewed by experienced personnel of the independent veluer.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities end correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes to the Financial Statements
For the Year Ended 30 June 2015

2 **Summary of Significant Accounting Policies continued**

(l) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that are not mandatory for the 30 June 2015 reporting period. Therefore, the new Standards have not been early adopted by the Company. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations that are most relevant to the Company, are set out below:

AASB 9 'Financial Instruments (December 2010)', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures', AASB 2014-1 'Amendments to Australian Accounting Standards' (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. The Trust has not yet decided when to adopt AASB 9. At present, the Company does not expect this will have a significant impact on the Trust's financial statements.

3 **Interest Income**

Interest Income from Eurobonds

2015

	Eurobond amount GBP	Interest rate	Interest amount GBP	Interest amount AUD
1 July 2014 to 21 August 2014	98,554,976	7.6103%	1,068,541	2,017,786
22 August 2014 to 23 February 2015	102,274,322	7.7038%	4,015,030	7,581,806
24 February 2015 to 30 June 2015	106,289,352	7.6809%	2,840,632	5,364,125
			7,924,203	**14,963,717**

2014

	Eurobond amount GBP	Interest rate	Interest amount GBP	Interest amount AUD
22 August 2013 to 21 February 2014	94,921,656	7.5930%	3,633,320	6,605,616
22 February 2014 to 30 June 2014	98,554,976	7.6103%	2,650,805	4,819,339
			6,284,125	**11,424,955**

The interest was calculated in GBP as per the terms of the Eurobonds and translated to AUD using the average exchange rate for the period. The rate used in translation was 1.888356. (2014: 1.818066).

Notes to the Financial Statements
For the Year Ended 30 June 2015

4 Income Tax Expense / Benefit

Reconciliation of income tax to accounting profit:

	2015 $	2014 $
Numerical reconciliation of income tax expense and tax at statutory rate:		
Profit / (loss) before income tax expense	6,496,961	(10,380,204)
Tax at the statutory rate of 30%	(1,949,088)	3,114,061
Income tax (expense) / benefit	**(1,949,088)**	**3,114,061**

5 Trade and Other Receivables

	2015 $	2014 $
GST receivable	3,670	2,468
	3,670	2,468

6 Deferred Tax

(i) Deferred Tax Assets

	2015 $	2014 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in the income statement		
Unrealised (gain) / loss on investment	(1,944,689)	3,088,338
Accrued expenses	133	1,200
Unrealised foreign exchange loss	1,261	-
Current year tax (profit) / loss	(5,800)	13,399
	(1,949,095)	3,102,937
Movements:		
Opening balance	3,102,937	-
Credited to the income statement	(1,949,095)	3,102,937
Exchange Differences	238,962	-
Closing balance	**1,392,804**	**3,102,937**

Notes to the Financial Statements

For the Year Ended 30 June 2015

6 Deferred Tax continued

(ii) Deferred Tax Liabilities

	2015	2014
	$	$
The movement in deferred tax assets for each temporary difference during the period is as follows:		
Amounts recognised in the income statement		
Unrealised foreign exchange gain	(6)	6
	(6)	6
Movements:		
Opening balance	6	-
Credited to the income statement	(6)	6
Closing balance	-	6

7 Investments

Fair value of investments

	2015	2014
	$	$
Investments	529,038,442	448,442,687
	529,038,442	448,442,687

For the purpose of managing and evaluating the performance of the investments, which comprises of ordinary shares, preference shares and Eurobonds, the Directors of the Company consider them as a group of assets.

Deutsche Australia Limited is the investment manager ("Manager") to SAS Trustee Corporation for its investments in State Infrastructure Holdings 1 Pty Ltd. KPMG is the independent valuer ("Valuer") engaged by STC in respect of the Company's investments. KPMG considered a number of valuation methods including discounted cashflow analysis, quoted comparable companies and market-based transactions to determine the fair value of the investments. Given the status of prevailing business conditions and the performance of the investment and the recommendation by the Manager and the Valuer, the Directors determined the fair value of the investment at 30 June 2015 to be GBP 258,547,927 ($529,038,442 at an exchange rate of 2.046191).

Notes to the Financial Statements
For the Year Ended 30 June 2015

8 Trade and Other Payables

	2015	2014
	$	$
CURRENT		
Accrued accounting fees	8,696	17,300
Accrued taxation fees	6,129	6,500
	14,825	23,800

	2015	2014
	$	$
NON-CURRENT		
Interest payable on shareholder loan	5,812,476	4,802,113
	5,812,476	4,802,113

9 Interest Bearing Loan

	2015	2014
	$	$
Loan from shareholder	217,488,316	178,539,034
	217,488,316	178,539,034

10 Issued Capital

	2015	2014
	$	$
Opening balance	286,526,638	-
Ordinary share issued during the period	-	287,609,112
Return of capital	(691,906)	(1,082,474)
Closing balance	285,834,732	286,526,638

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At the shareholder's meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

During the financial year, the Company made a capital return of $691,906 (2014: $1,082,474) from the proceeds of the redemption of preference shares.

Notes to the Financial Statements
For the Year Ended 30 June 2015

11 Reserves

	2015 $	2014 $
Foreign currency translation reserve		
Opening balance	(11,024,708)	-
Transfers in	35,089,976	(11,024,708)
Total reserves	**24,065,268**	**(11,024,708)**

Foreign currency translation reserve

The Company maintains its books and records in Pound Sterling (GBP) on the basis that the Company's only activity is investment in UK based infrastructure assets. For the financial reporting and compliance purposes, the Company translates its financial records from Pound Sterling to Australian Dollars.

Balance sheet items are translated using the closing spot rate on the reporting date and Profit and Loss items are translated using the average rate for the reporting period. Exchange differences arising on translation are recognised in other comprehensive income as foreign currency translation reserve.

12 Fair Value Measurement

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Investments

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value.

2015	Level 1 $	Level 2 $	Level3 $	Total $
Recurring fair value measurements				
Financial assets				
Investments	-	-	529,038,442	529,038,442
Total	-	-	**529,038,442**	**529,038,442**

Notes to the Financial Statements

For the Year Ended 30 June 2015

12 Fair Value Measurement continued

(a) Fair value hierarchy continued

2014	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Financial assets				
Investments	-	-	448,442,687	448,442,687
Total	-	-	448,442,687	448,442,687

(b) Valuation techniques used to derive level 2 and level 3 fair values

For its investments, the Company obtains independent valuations at least annually. At the end of each reporting period, the Directors in consultation with the Manager will update their assessment of the fair value of investments, taking into account the most recent independent valuations.

The independent valuer considers a number of valuation methods including discounted cashflow analysis and quoted comparable companies and market-based transactions.

All resulting fair value estimate for investments is included in level 3.

13 Related Parties

(a) Immediate and ultimate parent entity

The Company's immediate parent entity is State Infrastructure Trust, and the ultimate holding entity is SAS Trustee Corporation, a defined benefit superannuation fund.

(b) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The following persons were directors of State Infrastructure Holdings 1 Pty Ltd during the financial period and up to the date of this report:

Jeremy Andrew Don	Appointed: 17 December 2013	Resigned: 30 July 2015
Michael Charles Robinson	Appointed: 17 December 2013	
Sara Mei Lee Leong	Appointed: 5 March 2014	
Andrew David Barlass	Appointed: 30 July 2015 (alternate for Sara Mei Lee Leong)	
Meng Foong Chan	Appointed: 30 July 2015 (alternate for Michael Charles Robinson)	

There were no interests held by any of the key management person in State Infrastructure Holdings 1 Pty Ltd during the financial period ended 30 June 2015.

Notes to the Financial Statements

For the Year Ended 30 June 2015

13 Related Parties continued

(c) Shareholder

2015	No. of shares	%
Ordinary shares		
State Infrastructure Trust	287,609,111	100.00
Total	287,609,111	100.00

2014	No. of shares	%
Ordinary shares		
State Infrastructure Trust	287,609,111	100.00
Total	287,609,111	100.00

(d) Investment Manager

Deutsche Australia Limited is the investment manager to SAS Trustee Corporation for its investments in State Infrastructure Holdings 1 Pty Ltd.

(e) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Loans from related parties

The Company has borrowed GBP 94,921,655 ($194,227,836 at an exchange rate of 2.046191) from its shareholder State Infrastructure Trust to part fund the acquisition of its investment. The loan was drawn on 29 January 2014.

14 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2015	2014
	$	$
Profit for the year	4,547,873	(7,266,143)
- Interest revenue not received	(14,963,717)	(11,424,955)
- Interest expenses not paid	14,963,719	11,424,954
- (Gain) / loss of investment fair value adjustment	(6,482,298)	10,331,388
- Income tax expense / (benefit)	1,949,088	(3,114,061)
- Increase/(decrease) in trade and other payables	(8,975)	23,800
- Net foreign exchange differences	4,081	(2,350)
Cashflow from operations	9,771	(27,367)

Notes to the Financial Statements
For the Year Ended 30 June 2015

15 Commitments and Contingencies

In the opinion of the Directors, the Company did not have any commitments or contingencies at 30 June 2015.

16 Events Occurring After the Reporting Date

As at the date of this report, the Directors of the Company are not aware of any matter or circumstance that has arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the Company, the results of its operations or its state of affairs, which is not already reflected in this report.

Directors' Declaration

The Directors have determined that the Company is a non-disclosing entity and is regarded as a "small proprietary company" pursuant to 45A of the Corporations Act 2001 (Cth) and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 18, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards as stated in Note 2; and

   (b) give a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the period ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....
Michael Charles Robinson

Director ....
Sara Mei Lee Leong

Dated 12 · 08 · 2015

Sydney

State Infrastructure Trust

ABN: 50 580 647 086

Unaudited Special Purpose Consolidated Financial Statements

For the Year Ended 30 June 2015

Confidential

State Infrastructure Trust
ABN: 50 580 647 086

Contents

Confidential

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

		Consolidated		State Infrastructure Trust	
		2015	2014	2015	2014
	Note	$	$	$	$
Revenue					
Interest Income	3	**14,967,129**	11,428,760	**14,972,821**	11,637,949
Other Income		**44,062**	-	-	-
Gain on investments held at fair value through profit or loss		**6,482,298**	-	-	-
Net gain in foreign exchange translation	5	**24,984,175**	-	**24,990,235**	-
Total Revenue		**46,477,664**	11,428,760	**39,963,056**	11,637,949
Expenses					
Administrative expenses		**(122,203)**	(103,504)	(98,866)	(54,466)
Loss on investments held at fair value through profit or loss		-	(10,331,388)	-	-
Net loss in foreign exchange translation	5	-	(7,118,147)	-	(7,118,369)
Total Expenses		**(122,203)**	(17,553,039)	**(98,866)**	(7,172,835)
Income / (loss) before income tax		**46,355,461**	(6,124,279)	**39,864,190**	4,465,114
Income tax (expense) / benefit	4	**(1,949,088)**	3,114,061	-	-
Operating income / (loss) before transactions with unitholder		**44,406,373**	(3,010,218)	**39,864,190**	4,465,114
Finance costs attributable to unitholders					
Distribution to unitholders		**(15,250,294)**	(11,424,111)	**(15,250,294)**	(11,424,111)
Reclassification of other comprehensive income - exchange differences on foreign currency translation		**35,095,666**	(10,815,519)	-	-
Decrease / (increase) in net assets attributable to unitholders		**(64,251,745)**	25,249,848	**(24,613,896)**	6,958,997
Net profit / (loss)		-	-	-	-
Other comprehensive income					
Exchange differences on foreign currency translation		**35,095,666**	(10,815,519)	-	-
Reclassification of other comprehensive income to profit or loss		**(35,095,666)**	10,815,519	-	-
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	-	-

The accompanying notes form part of these financial statements.

State Infrastructure Trust
ABN: 50 660 647 086

Consolidated Statement of Financial Position
30 June 2015

		Consolidated		State Infrastructure Trust	
		2015	2014	2015	2014
	Note	$	$	$	$
Assets					
Current assets					
Cash at bank		**167,062**	236,556	**104,631**	183,908
Trade and other receivables	6	**9,871**	5,335	**6,202**	2,867
Deferred tax assets	8	**1,392,804**	3,102,937	**-**	-
Total current assets		**1,569,737**	3,344,828	**110,833**	186,775
Non-current assets					
Intercompany loan	7	**-**	-	**223,300,791**	183,341,147
Investment in equity securities	9	**305,737,651**	265,101,538	**285,834,732**	286,526,638
Investment in variable interest securities	9	**223,300,791**	183,341,149	**-**	-
Total non-current assets		**529,038,442**	448,442,687	**509,135,523**	469,867,785
Total assets		**530,608,179**	451,787,515	**509,246,356**	470,054,560
Liabilities					
Current liabilities					
Trade and other payables	10	**70,816**	60,279	**55,991**	36,479
Deferred tax liabilities	8	**-**	6	**-**	-
Distribution payable		**15,250,294**	11,424,111	**15,250,294**	11,424,111
Total current liabilities		**15,321,110**	11,484,396	**15,306,285**	11,460,590
Total liabilities (excluding net assets attributable to unitholder)		**15,321,110**	11,484,396	**15,306,285**	11,460,590
Net assets attributable to unitholder - liability		**515,287,069**	440,303,119	**493,940,071**	458,593,970

The accompanying notes form part of these financial statements.

State Infrastructure Trust
ABN: 50 580 647 086

Consolidated Statement of Changes in Net Assets Attributable to Unitholder

For the Year Ended 30 June 2015

	Note	Consolidated		State Infrastructure Trust	
		2015	2014	2015	2014
		$	$	$	$
Net assets attributable to unitholder at the beginning of the financial year		**440,303,119**	50,959	**458,593,970**	50,959
Units issued during the financial year	11	**11,424,111**	466,584,482	**11,424,111**	466,584,482
Units redeemed or otherwise cancelled during the financial year		**-**	-	**-**	-
Return of capital	11	**(691,906)**	(1,082,474)	**(691,906)**	(1,082,474)
Changes in net assets attributable to unitholder		**64,251,745**	(25,249,848)	**24,613,896**	(6,958,997)
Closing net assets attributable to unitholder		**515,287,069**	440,303,119	**493,940,071**	458,593,970

The accompanying notes form part of these financial statements.

State Infrastructure Trust
ABN: 50 580 647 086

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2015

		Consolidated		State Infrastructure Trust	
		2015	2014	2015	2014
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Interest received		3,792	3,408	3,792	3,408
Payment to suppliers		(122,444)	(71,183)	(85,794)	(43,816)
Director fee received		43,967	-	-	-
GST refund received		5,178	-	2,725	-
Net cash provided by (used in) operating activities	14	(69,507)	(67,775)	(79,277)	(40,408)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments		-	(466,354,483)	-	(286,526,638)
Issuance of loan		-	-	-	(178,825,373)
Proceed from redemption of preference shares		-	-	691,905	-
Net cash used by investing activities		-	(466,354,483)	691,905	(465,352,011)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of units		-	466,584,483	-	465,502,008
Share capital returned		-	-	(691,905)	-
Net cash used by financing activities		-	466,584,483	(691,905)	465,502,008
Net increase (decrease) in cash and cash equivalents held		(69,507)	162,225	(79,277)	109,589
Cash and cash equivalents at beginning of year		236,556	74,319	183,908	74,319
Net foreign exchange difference		13	12	-	-
Cash and cash equivalents at end of financial year		167,062	236,556	104,631	183,908

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2015

1 General Information

State Infrastructure Trust (the "Trust") was created under the Trust Deed dated 23 August 2010. Perpetual Corporate Trust Limited was appointed as Trustee of the Trust. Deutsche Asset Management (Australia) Limited was appointed as Manager of the Trust up to 13 June 2013. Subsequently, Deutsche Australia Limited was appointed as the new Manager (the "Manager") of the Trust.

The financial statements have been prepared for State Infrastructure Trust and for the consolidated group, consisting of State Infrastructure Trust and its wholly owned subsidiary State Infrastructure Holdings 1 Pty Limited ("SIH1"), together referred as the "Group" or "Consolidated Group") for the year ended 30 June 2015.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of financial statements are set out below.

(a) Basis of Preparation

The Consolidated Group is a non-disclosing entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purpose of complying with the requirements of the Trust's constitution, to prepare and distribute financial statements to the owner of the Group. The Trustee has determined that the accounting policies adopted are appropriate to meet the needs of the Consolidated Group.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") and the disclosure requirements of the following, except for the recognition and measurement of Loans and Receivables financial instrument, as required by AASB 139 'Recognition and Measurement of Financial Instruments'.

AASB 13	Fair Value Measurement
AASB 101	Presentation of Financial Statements
AASB 107	Cash Flow Statement
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 124	Related Party Disclosures
AASB 139	Recognition and Measurement of Financial Instruments
AASB 1031	Materiality
AASB 1048	Interpretation and Application of Standards
AASB 1054	Australian Additional Disclosures

The Group is a for-profit entity for the purpose of preparing the financial statements.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below.

The financial statements are presented in Australian Dollars. The financial statements are based on historical costs, except for the financial assets held at fair value, which have been measured at fair value.

2 **Summary of Significant Accounting Policies continued**

(b) **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of the Trust and its subsidiaries. For the 2014 financial year, the consolidated results include financial results for the Trust and SIH1, of which the results for SIH1 was from 17 December 2014 to 30 June 2014.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) **Financial Instruments**

(i) ***Classification***

The Group's investments are classified at fair value through profit or loss. These are investments in equity and debt instruments, collectively known as investments that are not held for trading purposes.

(ii) ***Recognition / derecognition***

The Group recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement and recognises changes in the fair value of the financial assets or liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

2 Summary of Significant Accounting Policies continued

(c) Financial Instruments continued

(iii) *Measurement*

Financial assets at fair value through profit and loss

At initial recognition, the Group measures a financial asset at its fair value plus transaction cost.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes recognised in the statement of profit and loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price, and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of discounted cashflow analysis, quoted comparable companies and market based transaction and other valuation techniques commonly used by market participants.

The ultimate holding entity of the Group is required to report the net market value of its assets in accordance to AAS25 (Financial Reporting for Superannuation Plans). Therefore the Group fair values its assets in accordance to AAS25. Under AAS25, the net market value is defined as the fair amount which could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising the proceeds of such a disposal.

Loans

Loan assets are measured initially at fair value and subsequently measured using the actual interest rate method, less any impairment losses. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at fair value decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(iv) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 **Summary of Significant Accounting Policies continued**

(d) **Investment income**

Interest income is recognised on an accrual basis. The Group uses actual interest rate in calculating interest income from Eurobonds because the actual interest rate approximates the effective interest rate method, provided there are no transaction costs.

(e) **Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) **Trade and other receivables**

Receivables represent Goods and Services Tax receivable from the Australian Taxation Office and interest on cash held at the bank accounts of the Group.

(g) **Expenses**

All expenses are recognised in profit or loss on an accrual basis.

(h) **Trade and other payables**

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to the Group. Amounts are generally paid within 30 days of being recorded as payables.

The distribution amount payable to the unitholder as at the reporting date is recognised separately in the statement of financial position when the unitholder becomes presently entitled to the distributable income as per the Trust Deed.

(i) **Distributions to Unitholders**

In accordance with the Trust Deed, the Trust fully distributes its distributable income to its unitholder. Such distributions are determined by reference to the taxable income of the Trust.

(j) **Net assets attributable to unitholders**

Under the Trust Deed, units issued by the Trust provide the unitholder with the right to put them back to the Trust at the prevailing redemption price. Although the Trustee may suspend any applications and redemptions if it is in the best interests of the unitholder, the Trust has a contractual obligation to distribute its distributable income, in accordance with the Trust's constitution. As such, the net assets attributable to the unitholder is classified as a financial liability in the Statement of Financial Position.

Applications and redemptions do not incur any entry or exit fees.

(k) **Income tax**

Under the current legislation the Trust is not subject to income tax provided the unitholder is presently entitled to the income of the Trust and the Trust fully distributes its taxable income. Even though the Trust is exempt from income tax, the subsidiary of the Consolidated Group, SIH1 is not and SIH1's effect of income tax and deferred taxes are accounted as per the following:

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 **Summary of Significant Accounting Policies continued**

(k) **Income tax continued**

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the period and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of the tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(l) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(m) **Foreign currency transactions and balances**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. Accordingly, the consolidated financial statements are presented in Australian Dollars.

The SIH1 maintains its accounting books and records in Pound Sterling (GBP) on the basis that SIH1's primary activity is investment in UK assets. The initial funds provided by the ultimate investor to SIH1 and investments in underlying UK assets have all been in GBP.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 **Summary of Significant Accounting Policies continued**

(m) **Foreign currency transactions and balances continued**

For the statutory compliance and financial reporting purpose, SIH1 translates its financial records from Pound Sterling to Australian Dollars at the end of the reporting period. Balance sheet items are translated using the closing rate and profit and loss items are translated using the average rate for the reporting period. The rates used in translation are London 4pm rates, provided by JP Morgan as the Custodian of SAS Trustee Corporation, the ultimate holding entity of the Trust.

Exchange differences arising on translation are recognised in other comprehensive income as foreign currency translation reserve.

(n) **Use of estimates and judgments**

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group's financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they periodically reviewed by experienced personnel of the independent valuer.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumption about these factors could affect the reported fair value of financial instruments.

(o) **New accounting standards and interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that are not mandatory for 30 June 2015 reporting period. Therefore, the new Standards have not been early adopted by the Company. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations that are most relevant to the Company, are set out below:

AASB 9 'Financial Instruments (December 2010)', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures', AASB 2014-1 'Amendments to Australian Accounting Standards' (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. The Trust has not yet decided when to adopt AASB 9. At present, the Trust does not expect this will have a significant impact on the Trust's financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2015

3 Interest Income

	Consolidated		State Infrastructure Trust	
	2015	2014	2015	2014
	$	$	$	$
Intercompany Interest Income	-	-	14,969,409	11,634,143
Interest Income from Cash at Bank	3,412	3,806	3,412	3,806
Interest Income - Accounted in SIH1	14,963,717	11,424,954	-	-
	14,967,129	11,428,760	14,972,821	11,637,949

The intercompany interest income from SIH1 was calculated and recognised as per the terms of the intercompany loan agreement between the Trust and SIH1.

The interest income accounted in SIH1 was calculated and recognised as per the terms of the Eurobonds.

4 Income Tax Expense / Benefit

The income tax expense and benefit recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income relates to the subsidiary company of the Group, State Infrastructure Holding 1 Pty Ltd.

The Trust fully distributes its taxable income to the unitholder and is not subject to income tax.

Reconciliation of income tax to SIH1's accounting profit below:

	SIH1	
	2015	2014
	$	$
Numerical reconciliation of income tax expense and tax at statutory rate:		
Profit / (loss) before income tax expense	6,496,961	(10,380,204)
Tax at the statutory rate of 30%	(1,949,088)	3,114,061
Income tax (expense) / benefit	(1,949,088)	3,114,061

5 Foreign Exchange Gain / Loss

	Consolidated		State Infrastructure Trust	
	2015	2014	2015	2014
	$	$	$	$
Unrealised gain / (loss) on foreign currency translation	24,608,371	(7,057,168)	24,612,596	(7,057,188)
Realised gain / (loss) on foreign currency translation	375,804	(60,979)	377,639	(61,181)
	24,984,175	(7,118,147)	24,990,235	(7,118,369)

Notes to the Financial Statements
For the Year Ended 30 June 2015

6 Trade and Other Receivables

	Consolidated		State Infrastructure Trust	
	2015	2014	2015	2014
	$	$	$	$
Bank Interest Receivable	170	550	170	550
GST receivable	9,701	4,785	6,032	2,317
	9,871	5,335	6,202	2,867

7 Intercompany Loan

	Consolidated		State Infrastructure Trust	
	2015	2014	2015	2014
	$	$	$	$
Loan to subsidiary	-	-	217,488,316	178,539,034
Loan interest receivable	-	-	5,812,476	4,802,113
	-	-	223,300,792	183,341,147

Notes to the Financial Statements
For the Year Ended 30 June 2015

8 **Deferred Tax**

The deferred tax recognised in the Consolidated Statement of Financial Position relates to the subsidiary company of the Group, SIH1.

The Trust fully distributes its taxable income to the unitholder and as a result is not subject to income tax.

(a) **Deferred Tax Asset**

	SIH1	
	2015	**2014**
	$	**$**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in the income statement		
Unrealised (gain) / loss on investment	**(1,944,689)**	3,088,338
Accrued expense	**133**	1,200
Unrealised foreign exchange loss	**1,261**	-
Current year tax (profit) / loss	**(5,800)**	13,399
	(1,949,095)	3,102,937
Movements		
Opening balance	**3,102,937**	-
Credited to the income statement	**(1,949,095)**	3,102,937
Exchange differences	**238,962**	-
Closing balance	**1,392,804**	3,102,937

(b) **Deferred Tax Liability**

	SIH1	
	2015	**2014**
	$	**$**
The movement in deferred tax liability for each temporary difference during the year is as follows:		
Amounts recognised in the income statement		
Unrealised foreign exchange gain	**(6)**	6
	(6)	6
Movements		
Opening balance	**6**	-
Credited to the income statement	**(6)**	6
Closing balance	**-**	6

Notes to the Financial Statements
For the Year Ended 30 June 2015

9 Investments

Fair value of investment

	Consolidated	
	2015	2014
	$	$
Investments	529,038,442	448,442,687
	529,038,442	448,442,687

For the purpose of managing and evaluating the performance of the investments, which comprise ordinary shares, preference shares and Eurobonds, the Trustee consider them as a group of assets.

Deutsche Australia Limited is the investment manager ("Manager") to SAS Trustee Corporation ("STC") for its investments in State Infrastructure Holdings 1 Pty Ltd. KPMG is the independent valuer ("Valuer") engaged by STC in respect of SIH1's investments. KPMG considered a number of valuation methods including discounted cashflow analysis, quoted comparable companies and market-based transactions to determine the fair value of the investments. Given the status of prevailing business conditions and the performance of the investment and the recommendation by the Manager, the Trustee, considers it prudent to hold the value of the investments in GBP terms, i.e. GBP 258,547,927 ($529,038,442 at an exchange rate of 2.046191).

10 Trade and Other Payables

	Consolidated		State Infrastructure Trust	
	2015	2014	2015	2014
	$	$	$	$
Accrued taxation expense	12,264	11,101	6,135	4,601
Accrued accounting expense	17,744	31,154	9,048	13,854
Accrued trustee expense	40,808	18,024	40,808	18,024
	70,816	60,279	55,991	36,479

11 Net Assets Attributable to Unitholder

(a) Units on issue

	State Infrastructure Trust			
	2015		2014	
	No of units	$	No of units	$
Units on issue at the beginning of the year	3,259,380,110	465,825,414	323,406	323,406
Units issued during the year	81,194,820	11,424,111	3,259,056,704	466,584,482
Return of capital	-	(691,906)	-	(1,082,474)
Units on issue at the end of the year	3,340,574,930	476,557,619	3,259,380,110	465,825,414

During the financial year, the Trust made a capital return of $691,906 (2014: $1,082,474) to its unitholder from the proceeds of the redemption of preference shares from the underlying investee company.

Notes to the Financial Statements
For the Year Ended 30 June 2015

11 Net Assets Attributable to Unitholder continued

(b) Change in net assets attributed to unitholder

	Consolidated		State Infrastructure Trust	
	2015	2014	2015	2014
	$	$	$	$
Net assets attributable to unitholder at the beginning of the year	**440,303,119**	50,959	**458,593,970**	50,959
Units issued during the year	**11,424,111**	466,584,482	**11,424,111**	466,584,482
Return of capital	**(691,906)**	(1,082,474)	**(691,906)**	(1,082,474)
Changes in net assets attributable to unitholder	**64,251,745**	(25,249,848)	**24,613,896**	(6,958,997)
Closing net assets attributed to unitholder	**515,287,069**	440,303,119	**493,940,071**	458,593,970

12 Fair Value Measurement

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Investments in equity securities

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2015				
Recurring fair value measurements				
Financial assets				
Investment	-	-	529,038,442	529,038,442
Total	-	-	**529,038,442**	**529,038,442**

Notes to the Financial Statements
For the Year Ended 30 June 2015

12 **Fair Value Measurement continued**

(a) **Fair value hierarchy continued**

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2014				
Recurring fair value measurements				
Financial assets				
Investment	-	-	448,442,687	448,442,687
Total	-	-	**448,442,687**	**448,442,687**

(b) **Valuation techniques used to derive level 2 and level 3 fair values**

The Group obtains independent valuations at least annually for its investment. At the end of each reporting period, the Trustee in consultation with the Manager will update its assessment of the fair value of investments, taking in account the most recent independent valuations.

The valuation methodologies used by the independent value include discounted cash flow analysis and quoted comparable entities and market-based transactions.

All resulting fair value estimates for the investments are included in level 3.

13 **Related Parties**

(a) **General information**

Perpetual Corporate Trust Limited is the Trustee of State Infrastructure Trust.

The unitholder is SAS Trustee Corporation, a defined benefit superannuation fund.

Deutsche Australia Limited is the investment manager to SAS Trustee Corporation for its investments in the Group.

(b) **Unitholders**

Details of the unitholder and unitholding are as follows:

	No. of units	%
2015		
SAS Trustee Corporation	3,340,574,930	100.00
Total	**3,340,574,930**	**100.00**
2014		
SAS Trustee Corporation	3,259,380,110	100.00
Total	**3,259,380,110**	100.00

Notes to the Financial Statements

For the Year Ended 30 June 2015

13 Related Parties continued

(c) **Subsidiaries**

The consolidated financial statements include the financial statements of State Infrastructure Trust and the following subsidiaries:

	2015 % of ownership interest	2014 % of ownership interest
State Infrastructure Holdings 1 Pty Limited	100.00	100.00

State Infrastructure Holdings 1 Pty Limited was incorporated on 17 December 2013.

(d) **Transactions with related parties**

All transactions between the Group and related parties have been at market value on normal commercial terms and conditions. This includes purchases and sales of investments as well as applications and redemptions of units.

Loans to related parties

The Trust provided a loan of GBP 94,921,655 ($194,227,836 at an exchange rate of 2.046191) to State Infrastructure Holdings 1 Pty Ltd to fund the acquisition of the Eurobonds. The loan was drawn down on 29 January 2014.

(e) **Key management personnel**

The Trust does not employ personnel in its own right. The Manager has managed the affairs of the Trust for the period reported on.

As at 30 June 2015 no key management personnel held units in the Trust.

Payments made from the Trust to the Trustee do not include any amounts directly attributable to key management personnel remuneration.

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

No key management personnel of the Manager have entered into a material contract with the Trust during the period.

Notes to the Financial Statements
For the Year Ended 30 June 2015

14 Reconciliation of profit / (loss) to net cash inflow / (outflow) from operating activities

	Consolidated		State Infrastructure Trust	
	2015	2014	2015	2014
	$	$	$	$
a) Cash and cash equivalents as at the end of the reporting period	167,062	236,556	104,631	183,908

b) Reconciliation of net profit / (loss) for the period to net cash flows from operating activities				
Profit / (loss) for the year	44,406,373	(3,010,218)	39,864,190	4,465,114
Cash flows excluded from profit attributable to operating activities				
Unrealised FX (gain) / loss	(24,608,371)	7,057,168	(24,612,596)	7,057,188
Realised FX (gain) / loss	(375,804)	60,979	(377,639)	61,181
Interest revenue not received	(14,963,717)	(11,424,954)	(14,969,409)	(11,634,143)
Income tax benefits / (expenses)	1,949,088	(3,114,061)	-	-
Unrealised (gain) / loss on investment fair value adjustments	(6,482,298)	10,331,388	-	-
(Increase) / decrease in GST receivable	(4,916)	(3,548)	(3,715)	(1,079)
(Increase) / decrease in interest receivable	380	(398)	380	(398)
Increase / (decrease) in fees payable	10,537	35,530	19,512	11,729
Net foreign exchange difference	(779)	339	-	-
Cashflow from operations	(69,507)	(67,775)	(79,277)	(40,408)

15 Commitments and Contingencies

In the opinion of the Trustee, the Group did not have any commitments or contingencies at 30 June 2015.

16 Events Occurring After the Reporting Date

On 7 August 2015, the Trust made a distribution payment of $15,250,294 in relation to the 2015 financial year to the unitholder (2014: $11,424,111). The unitholder has invested the distribution amount on the same day into the Trust.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

State Infrastructure Trust
ABN: 50 580 647 086

Manager Declaration

In the opinion of the Manager:

a. the financial statements and notes set out on page 1 to 18 are:

i. comply with the provisions of the Trust Deed and Australian Accounting Standards to the extent disclosed in Note 2 of the financial statements; and

ii. give a true and fair view of the Trust's financial position as at 30 June 2015 and of its performance for the period, ended on that date.

b. there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of Deutsche Australia Limited in its capacity as Manager for State Infrastructure Trust.

Attorney	Attorney

Sydney

Dated: 12·08·2015

State Infrastructure Trust
ABN: 50 580 647 086

Trustee Declaration

In the opinion of the Trustee:

a. the financial statements and notes set out on page 1 to 18 are:

   i. comply with the provisions of the Trust Deed and Australian Accounting Standards to the extent disclosed in Note 2 of the financial statements; and

   ii. give a true and fair view of the Trust's financial position as at 30 June 2015 and of its performance for the period, ended on that date.

b. the financial statements are in accordance with the Trust Deed.

For and on behalf of the Trustee.

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Sydney Vicki Riccio, Head of Wholesale Trustee

Dated 13 August 2015

STATE SUPER
Financial Services
AUSTRALIA

Financial Statements

For the financial year ended 30 June 2015

State Super Financial Services Australia Limited | ABN 86 003 742 756

› Contents

STATE SUPER FINANCIAL SERVICES AUSTRALIA LIMITED

› Directors' Report

Your Directors have pleasure in presenting their report on the financial statements of State Super Financial Services Australia Limited (SSFS) for the year ended 30 June 2015.

› Directors

The following persons held office as Directors of the Company during or since the end of the financial year:

P. K. Gupta (Chairman)
M. Monaghan (Managing Director)
A. Claassens
M. G. Lambert (Ceased effective 16 June 2015)
T. O'Grady (Appointed effective 21 May 2015)
F. J. Pak-Poy (Appointed effective 21 May 2015)
P. F. Scully
G. Venardos (Appointed effective 1 July 2014)
M. Walsh (Appointed effective 21 May 2015)
S. Walsh (Ceased effective 24 March 2015)

› Principal Activities

The principal activity of SSFS is the provision of financial planning advice and investment management services for past and present public sector employees and their families.

During the year, there was no significant change in the nature of those activities.

› Review of Operations

SSFS's net profit after tax for the year ended 30 June 2015 was $47,009,453 (2014: $37,638,124), representing an increase of 25% or $9,371,329 compared to the year ended 30 June 2014.

Key performance indicators for the year include:

- Funds under management increased by $2.0 billion or 14.0% to $15.9 billion at 30 June 2015, reflecting strong market conditions and increased gross inflow from clients.
- Gross inflows of $2.2 billion, up $174.4 million from the prior year.
- Redemptions of $1.3 billion, up $201.5 million from the prior year.
- Investment growth of $983.4 million or 7.1% for the period.
- Net profit before tax of $64.3 million, an increase of $10.4 million or 19.4% from the prior year.
- Net cost to income ratio of 61.0% for the period, compared to 62.4% for the prior period.
- Statutory effective tax rate of 26.9% resulting from the Research and Development (R&D) benefit claimed in respect of the Future Operating Model (FOM) project for 2015.

During the period SSFS successfully completed various initiatives as part of its road map towards the delivery of objectives under the five year strategic plan. Under the strategic plan, SSFS mission remains to provide financial planning and implementation services to Australians which will improve their financial and broader well-being throughout life especially in retirement.

Included in the initiatives was the first phase of the FOM project which was delivered on 30 March 2015. This included the implementation of a new Customer Relationship Management (CRM) system, implementation of the latest Advice OS financial planning software, and the establishment of a Client Hub including the introduction of a new telephony system for the organisation.

› Review of Operations (continued)

Concurrently with the implementation of the enhanced technology platform, reengineering of business processes, SSFS has undergone significant transformation in aligning organisational capabilities towards the delivery of advice, product and support services to existing and new market segments.

The vision of SSFS is to be a world leading professional services firm. In order for the organisation to make the transformation from its core foundation of deep expertise in serving public sector employees, the implementation of these new technologies will enable the provision of improved knowledge to drive client-centric advice and solutions.

On 25 June 2015 SSFS was recapitalised via a $60.0 million Financial Accommodation Agreement between SSFS and SAS Trustee Corporation (the controlling entity). The agreement is essentially a drawdown facility which due to the nature of the arrangement is recognised as equity in financial statements. An initial drawdown of $42.2 million was made on 25 June 2015.

› Dividends

During the year fully franked dividends of $56.3 million were paid, consisting of $5.0 million on 29 August 2014, $11.3 million on 9 January 2015, $15.0 million on 8 May 2015 and $25.0 million on 25 June 2015 (2014: $25.0 million). The Directors have not recommended the payment of a final dividend in respect of the year ended 30 June 2015.

› Changes in State of Affairs

Other than the recapitalisation of SSFS on 25 June 2015, there has been no significant changes in the state of affairs of SSFS during the financial year.

› Matters Subsequent to the End of the Financial Year

Since the end of the financial year, the Directors are not aware of any matter or circumstance that has or may significantly affect the operations of SSFS, the results of those operations or the state of affairs of SSFS in financial years subsequent to 30 June 2015.

› Future Developments

The disclosure of information regarding likely developments in the operations of SSFS in future financial years and the expected results of those operations, due to their commercial sensitivity, could result in unreasonable prejudice to SSFS. Accordingly, this information has not been disclosed in this report.

› Information on Directors

Peeyush Gupta *(Chairman of the Board, Member of the Human Resources Committee, Member of the Investment Committee)*

Mr Gupta is Chairman of the Board. He was a co-founding Director and inaugural Chief Executive Officer of Ipac Securities Limited, a pioneering and leading Australian wealth management firm. Since 2009, Mr Gupta has pursued a portfolio career, including boards, consulting and investing activities. He is a director of National Australia Bank Limited, and also sits on the boards of NAB's Wealth Management Holdings including MLC Life and subsidiaries, as well as, BNZ Life, Charter Hall Direct Property, SIRCA, Safety Return to Work and Support, and Quintessence Labs. Mr Gupta has a degree in Computer Science and a Master of Business Administration in finance. He is also an alumnus of Harvard University and London Business School.

› Information on Directors (continued)

Michael Monaghan *(Managing Director, Member of the Enquiries and Complaints Committee, Member of the Investment Committee)*

Mr Monaghan is the Managing Director of State Super Financial Services Australia Limited and a Director of HammondCare and HammondCare Health and Hospitals Limited. He is an actuary and has over 30 years' experience in superannuation, banking, funds management and investment consulting. He has previously been a partner of Deloitte Touche Tohmatsu, Chief Executive Officer of Intech Investment Consultants and held senior executive positions with Deutsche Bank, IBM and Lend Lease Corporation.

Alex Claassens *(Chairman of the Enquiries and Complaints Committee, Member of the Audit Risk and Compliance Committee, Member of the Due Diligence Committee)*

Mr Claassens is passionate about the transport industry and he has worked at the heart of public sector transport for all his working life. He began his career as a train driver on the NSW rail network and remains a qualified passenger train and steam locomotive driver to this day. He is the NSW Branch Secretary of the NSW Rail, Tram and Bus Union. He has long been a committed advocate for the rights of transport workers and joined the Union as a delegate in 1992. He is an executive member of the National Rail, Tram and Bus Union and has been a director of Encompass Credit Union since 2009. He has been a non-executive director of SAS Trustee Corporation since 2012 and is on the Executive of Unions NSW.

Michael Lambert *(Chairman of the Audit Risk and Compliance Committee, Member of the Due Diligence Committee, Member of the Investment Committee) (Ceased 16 June 2015)*

Mr Lambert consulted to the Asia Pacific investment bank, CIMB and prior to that was a Managing Director in investment banking with ABN AMRO followed by the Royal Bank of Scotland. Earlier in his career Mr Lambert was the Secretary of the New South Wales Treasury and held various other senior positions in the NSW public sector. He has extensive experience and expertise in financial analysis and advising governments and clients on financial and strategic issues. In addition, Mr Lambert was also a non-executive Director of SAS Trustee Corporation and of the Sax Institute. Mr Lambert has a Bachelor of Economics (Honours) and Master of Economics.

Paul Scully *(Chairman of the Investment Committee, Member of the Audit Risk and Compliance Committee, Member of the Due Diligence Committee)*

Mr Scully is the Managing Director of Decision Horizons, a consulting enterprise through which he offers his services based on 36 years of experience in financial services and investment management. Mr Scully is an actuary and was, until July 2003, Chief Executive Officer for the Asia Pacific region of ING Investment Management and a member of its global board. He has also held executive positions in life insurance and retail funds management. Mr Scully is a non-executive Director of SAS Trustee Corporation, Australian Poetry Limited and Vantage Private Equity Growth Limited and an independent member of APPF Retail, Commercial and Industrial Investor Review Committees and the Investment Sub-Committee, Finance and Investment Committee of the Children's Medical Research Institute. He has lectured at Macquarie University, is a member of the Actuaries Institute Retirement Incomes Working Group and Bachelor of Arts in Actuarial Studies and is a Fellow of the Institute of Actuaries of Australia and Australia Institute of Company Directors.

› Information on Directors (continued)

Sue Walsh *(Member of the Audit Risk and Compliance Committee, Member of the Due Diligence Committee) (Ceased 24 March 2015)*

Ms Walsh is the President of the Public Service Association of New South Wales, has been employed in the New South Wales public sector for over 20 years and also held a number of senior delegate positions in the Public Service Association of New South Wales over the years. She is also President of the New South Wales Branch of the Community and Public Sector Union and a vice president of that organisation's Federal Executive, Federal Council and a member of the Federal Education Industry Committee. Ms Walsh is on the Executive of Unions New South Wales, a delegate to the Australian Council of Trade Unions and was a non-executive Director of SAS Trustee Corporation.

George Venardos *(Chairman of the Human Resources Committee, Chairman of the Audit Risk and Compliance Committee) (Appointed 1 July 2014)*

Mr Venardos is an experienced independent non-executive Director with over 30 years in senior management roles in large financial services organisations. He is currently a non-executive Director of IOOF Holdings Ltd, Perennial Investment Partners Ltd, Perennial Value Management Ltd, Lawcover Pty Limited, Ardent Leisure Ltd, and he is the non-executive Chairman of Blu Glass Ltd and Guild Group Holdings Ltd. His former positions include Group Chief Financial Officer of Insurance Australia Group, Chairman of the Finance and Accounting Committee of the Insurance Council of Australia and he was Finance Director of Legal and General Group in Australia. He has been a non-executive Director of SAS Trustee Corporation since 2012 and a trustee of Guild Trustee Services since 2009. He has a Bachelor of Commerce from the University of New South Wales and is a Fellow of The Institute of Chartered Accountants in Australia, the Australian Institute of Company Directors and The Taxation Institute of Australia. He holds a Diploma in Corporate Management and is a Fellow of the Governance Institute of Australia.

Fiona Pak-Poy *(Member of the Investment Committee, Member of the Human Resources Committee) (Appointed 21 May 2015)*

Ms Pak-Poy is a professional non-executive director, with experience investing and guiding technology companies in a variety of industries. She has practiced as an engineer, been an entrepreneur, a management consultant, and a General Partner for an Australian venture capital fund. Ms Pak-Poy is a non-executive director of iSentia Ltd, an Australasian media intelligence company. She is a non-executive director of Adelaide Research and Innovation. Ms Pak-Poy holds an Honours degree in Engineering from the University of Adelaide and an MBA from Harvard Business School.

Martin Walsh *(Member of the Audit Risk and Compliance Committee) (Appointed 21 May 2015)*

Mr Walsh has been a Partner in the Professional Accounting Firms of Ernst & Young and Deloitte Touche Tohmatsu for over 25 years with international experience in the US, Oceania and East Asia practice offices across multiple industries, including Financial Services.

He has been responsible for the audit and compliance obligations of Major Retail Superannuation Funds, Major Industry Superannuation Funds and SMSF Platform Superannuation Operations and Entities. In addition he has been responsible for assurance services to the largest custodian and the largest superannuation member administrator in Australia for the past 10 years together with advisory services to multiple asset management and superannuation clients.

Mr Walsh is a Graduate of the University of Melbourne, Fellow of the Institute of Chartered Accountants and a Graduate of the Institute of Company Directors as well as being on the Board of Surf Lifesaving Australia and Chairman of the National Surf Lifesaving Foundation.

> Information on Directors (continued)

Tony O'Grady *(Member of the Enquiries and Complaints Committee) (Appointed 21 May 2015)*

Mr O'Grady has a background in the health industry with over 30 years' experience in the sector. He trained and worked as a Registered Nurse in the public sector prior to commencing with the New South Wales Nurses and Midwives' Association in 1987. He has advocated for, and represented, nurses in various roles throughout that period.

Mr O'Grady is the Manager, Projects and Compliance for the New South Wales Nurses and Midwives' Association. In his current role he is responsible for the Finance, Information Technology and Information and Records Management Departments for the Association, as well as managing insurances and a variety of compliance related areas.

He was first appointed as a director of an industry superannuation fund in 2005 and has been a non-executive director of SAS Trustee Corporation since August 2013.

As well as his nursing qualifications, Mr O'Grady has tertiary qualifications in employment relations.

> Meetings of Directors

The numbers of meetings of the Company's Directors (including meetings of Committees of Directors) held during the year ended 30 June 2015 and the number of meetings attended by each member Director was:

Director[1]	Board Meetings		Audit & Compliance Committee		Human Resources Committee		Investment Committee		Enquiries & Complaints Committee		Due Diligence Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
P. K. Gupta (Chairman)	10	8	-	-	6	6	9	7	-	-	-	-
M. Monaghan (Managing Director)	10	10	-	-	-	-	9	8	5	5	-	-
A. Claassens	10	10	6	4	-	-	-	-	5	5	-	-
M. G. Lambert[2]	9	8	6	4	-	-	9	8	-	-	-	-
P. F. Scully	10	8	6	6	-	-	9	9	-	-	-	-
S. Walsh[3]	5	5	5	5	3	3	-	-	-	-	-	-
G. Venardos[4]	10	10	2	2	6	6	-	-	-	-	-	-
F. J. Pak-Poy[5]	2	2	-	-	-	-	-	-	-	-	-	-
M. Walsh[6]	2	2	-	-	-	-	-	-	-	-	-	-
T. O'Grady[7]	2	2	-	-	-	-	-	-	-	-	-	-

A - Number of meetings eligible to attend; B - Actual number of meetings attended

Notes

1. Any Director may attend any Committee meeting even though they may not formally be a member.
2. Michael Lambert ceased 16 June 2015.
3. Sue Walsh ceased 24 March 2015.
4. George Venardos appointed 1 July 2014.
5. Fiona Pak-Poy appointed 21 May 2015.
6. Martin Walsh appointed 21 May 2015.
7. Tony O'Grady appointed 21 May 2015.

› Company Secretary

Cristean Yazbeck BCom (Hons) LL.B (Hons) (Syd) GradDipLegPrac

Company Secretary, State Super Financial Services Australia Limited since 11 December 2014.

Karen Hughes BSc (Hons), ACA (ICAEW), GAICD

Company Secretary, State Super Financial Services Australia Limited since 1999.

› Directors' Interests in Contracts

No material contracts involving Directors' interests were entered into since the end of the previous financial year or existed at the end of the financial year other than the transactions detailed in the financial statements.

› Indemnification and Insurance of Directors and Officers

With the approval of shareholders, SSFS has entered into an agreement with each Director and Officer of SSFS, indemnifying each of them against all liabilities to another person (other than SSFS) that may arise from their positions as Directors and Officer of SSFS, except where the liability arises out of a lack of good faith. Similar indemnity agreements have been executed by SSFS in favour of SSFS's executive officers.

During the year, SSFS paid a premium in respect of a contract insuring the Directors and Officers of SSFS against certain liabilities that may be incurred in discharging their duties and responsibilities as a director or officer of SSFS. Under the terms of the contract of insurance, details of the nature of the liabilities insured and the premium payable cannot be disclosed.

› Auditor

The Audit Office of New South Wales continues in office in accordance with section 327 of the Corporations Act 2001 and the Public Finance and Audit Act 1983. Deloitte Touche Tohmatsu has been appointed as agent for the Audit Office of New South Wales as auditors of SSFS. The auditor's independence declaration is included on page 44.

› Rounding Off of Amounts

SSFS is a company of the kind referred to in ASIC Class Order 98/100 (as amended), dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' Report is signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

Peeyush Gupta

Peeyush Gupta
Chairman

1 September 2015

Michael Monaghan

Michael Monaghan
Managing Director

1 September 2015

› Directors' Declaration

Pursuant to Section 41C of the Public Finance and Audit Act 1983, the Directors of State Super Financial Services Australia Limited declares that:

(a) In the Directors' opinion, there are reasonable grounds to believe that SSFS will be able to pay its debts as and when they become due and payable;

(b) In the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in the note 1 to the financial statements; and

(c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of SSFS.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Peeyush Gupta
Chairman

1 September 2015

Michael Monaghan
Managing Director

1 September 2015

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› Statement of Profit or Loss

› Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2015

	NOTES	2015 $'000	2014 $'000
Continuing operations			
Revenue	2	**165,040**	143,137
Expenses	3	**(100,756)**	(89,285)
Profit before income tax expense		**64,284**	53,852
Income tax expense	4	**(17,275)**	(16,214)
Profit for the year		**47,009**	37,638
Other comprehensive income		**-**	-
Total comprehensive income for the year		**47,009**	37,638

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

› Statement of Financial Position as at 30 June 2015

	NOTES	2015 $000	2014 $000
CURRENT ASSETS			
Cash and cash equivalents	5	**45,906**	39,204
Trade and other receivables	6	**17,957**	13,780
Other current assets	7	**4,198**	4,057
Current tax receivable	4	**757**	-
Total current assets		**68,818**	57,041
NON-CURRENT ASSETS			
Property, plant and equipment	8	**9,873**	10,334
Intangible assets	9	**33,963**	10,041
Deferred tax assets	10	**7,403**	6,628
Total non-current assets		**51,239**	27,003
TOTAL ASSETS		**120,057**	84,044
CURRENT LIABILITIES			
Trade and other payables	11	**11,672**	7,817
Provisions	12	**18,883**	18,361
Current tax payable	4	**-**	2,172
Dividends payable		**-**	5,000
Total current liabilities		**30,555**	33,350
NON-CURRENT LIABILITIES			
Provisions	13	**2,721**	1,818
Total non-current liabilities		**2,721**	1,818
TOTAL LIABILITIES		**33,276**	35,168
NET ASSETS		**86,781**	48,876
EQUITY			
Contributed equity	15	**52,200**	10,000
Reserves	16	**50**	54
Retained earnings		**34,531**	38,822
TOTAL EQUITY		**86,781**	48,876

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

› Statement of Changes in Equity

› Statement of Changes in Equity for the financial year ended 30 June 2015

	NOTE	Share Capital $'000	Financial Accommodation Arrangement $'000	Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 30 June 2013		**10,000**	**-**	**140**	**31,184**	**41,324**
Dividends paid	17	-	-	-	(25,000)	(25,000)
Dividends declared but not paid	17	-	-	-	(5,000)	(5,000)
Reduction of Operational Risk Financial Reserve	16	-	-	(86)	-	(86)
Total comprehensive income for the year		-	-	-	37,638	37,638
Balance at 30 June 2014		**10,000**	**-**	**54**	**38,822**	**48,876**
Proceeds from Financial Accommodation Arrangement	15	-	42,200	-	-	42,200
Dividends paid	17	-	-	-	(51,300)	(51,300)
Reduction of Operational Risk Financial Reserve	16	-	-	(4)	-	(4)
Total comprehensive income for the year		-	-	-	47,009	47,009
Balance at 30 June 2015		**10,000**	**42,200**	**50**	**34,531**	**86,781**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

› Statement of Cash Flows for the financial year ended 30 June 2015

	NOTES	2015 $'000 Inflows / (Outflows)	2014 $'000 Inflows / (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Trustee, responsible entity, and advice fees		**159,319**	140,323
Interest received		**1,253**	1,093
Unclaimed monies received		**153**	1,176
Distribution income		**146**	-
Income tax paid		**(20,981)**	(19,224)
Payments to suppliers and employees		**(90,338)**	(81,550)
Net cash generated by operating activities	22(b)	**49,552**	41,818
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(3,324)**	(4,289)
Payments for intangible assets		**(25,422)**	(7,985)
Net cash used in investing activities		**(28,746)**	(12,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Financial Accommodation Arrangement		**42,200**	-
Transfer from reserves		**(4)**	(86)
Dividends paid		**(56,300)**	(25,000)
Net cash used in financing activities		**(14,104)**	(25,086)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**6,702**	4,458
Cash and cash equivalents at the beginning of the financial year		**39,204**	34,746
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	22(a)	**45,906**	39,204

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

› Notes to the Financial Statements

1. SUMMARY OF ACCOUNTING POLICIES

General

State Super Financial Services Australia Limited is an unlisted public company, incorporated and operating in Australia.

Registered office and principal place of business:

Level 7
83 Clarence Street
Sydney New South Wales 2000
Tel: (02) 9333 9555

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 Australian, Accounting Standards and Interpretations and comply with other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of SSFS comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 1 September 2015.

Basis of preparation

These financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

SSFS is a company of the kind referred to in ASIC Class Order 98/0100 (as amended), dated 10 July 1998, and in accordance with that Class Order, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

In the application of SSFS's accounting policy, judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources are made. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making these judgments. Actual results may differ from these estimates.

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

Judgments made that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Significant accounting policies

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented in these financial statements for the year ended 30 June 2014.

The following significant accounting policies have been adopted in the preparation and presentation of these financial statements:

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

(a) Revenue

Revenue is recognised and measured as the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to SSFS and the revenue can be reliably measured. Revenues are generally recognised on an accrual basis. The following specific policies are applied:

- SSFS's predominant source of revenue is the receipt of fees charged for the administration of public offer superannuation funds and public offer managed investment schemes ('the trusts').
  Fees are calculated on the basis of net asset values for the funds of each trust, are accrued daily and paid monthly in arrears. These fees are designed to cover the provision of product and financial advice and are not mutually exclusive. Depending on the type of product and choice of investment options, the rates at which these fees are charged vary from trust to trust.
- In its capacity as either Trustee or Responsible Entity, SSFS is also entitled to receive a reimbursement from the trusts for operating expenses of the trusts paid by SSFS. The reimbursement of these expenses is expressed as a rate per annum of the net asset values of each of the trusts, is accrued daily and paid monthly in arrears.
- Fees received for the provision of advice-only services are recognised as revenue when received.
- Interest revenue is recognised on an accrual basis using an effective interest rate method, taking into account the effective yield of the financial asset.
- Distribution income from holdings of units in the State Super Financial Services Investment Fund – Class B is recognised on an accrual basis when it is anticipated SSFS is entitled to receive the distribution and the amount can be reliably determined.

(b) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax payable is calculated by reference to taxable profit or loss for the period. The taxable profit or loss differs from the profit as reported in the Statement of Comprehensive Income because of items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible.

The liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised on temporary differences that arise from differences between the tax base of an asset or liability and its carrying value in the financial statements. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income nor accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

(b) Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which SSFS expects, at the end of the reporting period, to recover or settle the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and SSFS intends to settle its current tax assets and liabilities on a net basis.

(c) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amount payable in the future to its present value as at the date of acquisition.

(d) Financial assets

SSFS classifies its financial assets into the following specified categories: held-to-maturity investments; financial assets at fair value through profit and loss; or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through profit and loss are assets designated as fair value through profit and loss on initial recognition. Assets designated as fair value through profit and loss consist of units held as seed capital relating to the State Super Investment Fund Class B.

Trade receivables, loans, and other receivables are recorded at amortised cost less any impairment.

(e) Impairment of assets

At each reporting date, SSFS reviews the carrying amounts of its financial and non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss.

(i) Financial Assets

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the financial asset is reduced and the amount of the loss is recognised in profit or loss.

(ii) Non-Financial Assets

If any indication exists that non-financial assets have suffered an impairment loss, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

(e) Impairment of assets (continued)

Where the asset does not generate cash flows that are independent from other assets, SSFS estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

(iii) Reversal of Impairment Loss

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and on hand, deposits held at call and other short term highly liquid investments with maturities of four months or less.

(g) Receivables

Trade and other accounts receivable are recorded at amortised cost less any impairment. Due to the short term nature of receivables, amortised cost is approximated by the amount due.

(h) Provisions

Provisions are recognised when SSFS has a present obligation (legal or constructive) as a result of a past event, it is probable that SSFS will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for restructuring is recognised when SSFS has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

(i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment costs.

Depreciation on fixtures and fittings, furniture and equipment, computer hardware, file servers and communication equipment is calculated on a straight line basis, so as to write off the cost of each asset over their estimated useful life. Estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year.

The following estimated useful lives are used in the calculation of depreciation.

	Years
Fixtures and Fittings	5 - 10
Office Equipment	5
Computer Hardware	4
File Servers	3
Communication Equipment	4

(j) Intangible assets

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful lives, general a period of four years.

Accounting standards require management to assess, at each reporting period, whether there are any indicators of impairment in relation to the carrying value of intangible assets. Where an impairment indicator is identified, the recoverable amount of the asset must be determined and compared to the carrying amount. Judgement is applied by management in assessing whether there are any impairment indicators, and where required, in determining the recoverable amount.

(k) Leases

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to SSFS as lessee are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease. Where operating leases have fixed increases the payments are recognised over the period of the lease on a straight-line basis.

Provision has been made for Operating Leasehold Premises 'make good' costs. Estimates have been made of expected costs of 'make good' at the end of the current lease period and provision for expected costs has been recorded.

Lease incentives

Lease incentives received or receivable, such as rent-free periods and premises fit-out allowances, may be included in operating leases entered into by SSFS. The estimated value of lease incentives is apportioned in profit or loss on a straight-line basis over the term of the lease. Where the original lease term has been extended, these incentives will continue to be recognised over the original lease term.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

(l) Trade and other payables

Trade and other accounts payable are recognised when SSFS becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Deferred income

Deferred income is measured as the fair value of consideration received in relation to economic benefits which are expected to arise in future financial years. Deferred income is recognised as revenue in the Statement of Comprehensive Income over the period the economic benefit arises.

(n) Employee entitlements

(i) Salaries and annual leave

Provisions for salaries, annual leave and other current employee entitlements are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(iii) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(iv) Short Term Incentive Plan

The Short Term Incentive Plan is a cash-based incentive scheme for certain employees. The provision made is expected to be paid out within the next 12 months.

Employee entitlements under the Short Term Incentive Plan are recognised when SSFS becomes obliged to make future payments.

(v) Long Term Incentive Plan

The Long Term Incentive Plan commenced on 1 July 2010 and is applicable to key management personnel.

Under this plan no shares or rights to acquire shares are issued but eligible employees receive future cash payments depending on the performance of SSFS against key performance indicators. Entitlements are provided for on a straight line basis over 3 years.

(o) Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except:

(i) Where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or part of an item of expense; or

(ii) For receivables and payables which are recognised inclusive of GST.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

(o) Goods and Services Tax (continued)

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

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

(p) Financial Accommodation Agreement

SSFS has entered into a Financial Accommodation Agreement with its parent entity SAS Trustee Corporation. SSFS has classified this as Equity under AASB 132 Financial Instruments: Presentation as the agreement does not contain any contractual obligation to deliver cash or another financial asset to another entity.

(q) Comparatives

Where necessary, comparative figures have been reclassified to conform to the changes in presentation made in these financial statements.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

(r) Adoption of new and revised accounting standards

In the current year, SSFS has applied a number of new and revised accounting standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014.

Standard / Interpretation	Application of method
AASB 2012-3 Amendments to the Australian Accounting Standards - Offset of Financial Assets and Financial Liabilities Requirements	AASB 2-12-13 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The adoption of these amendments has not had a material impact on the financial statements.
AASB 1031 'Materiality' (2013)	Revised AASB 1031 is an interim standard that cross-references to other standards and the Framework for the Preparation and Presentation of Financial Statements (issued in December 2013) that contain guidance on materiality. The adoption of the standard has not had a material impact on the financial statements.
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount for Disclosure for Non-Financial Assets	Narrow-scope amendments to AASB 136 Impairment of Assets addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The adoption of the standard has not had a material impact on the financial statements.
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.	Provides an exemption from consolidation of subsidiaries under AASB 10 Consolidated Financial Statements for entities which meet the definition of an 'investment entity'. The adoption of the standard has not had a material impact on the financial statements.
AASB 2014-1 Amendments to Australian Accounting Standards [Part A – Annual Improvements 2010-2012 and 2011 – 2013 Cycles]	Part A makes various amendments to Australian Accounting Standards arising from the issuance by IASB of IFRSs Annual Improvements to IFRS 2010-2-12 Cycle and Annual Improvements to IFRS 2011-2013 cycle. The adoption of the standard has not had a material impact on the financial statements.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

(r) Adoption of new and revised accounting standards (continued)

At the date of authorisation of the financial statements, the following relevant Standards and Interpretations listed below were in issue but not yet effective:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial instruments; and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 July 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018	30 June 2018
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	30 June 2017
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiatives: Amendments to AASB 101	1 January 2016	30 June 2017

These standards and interpretations will be first applied in the financial statements of SSFS that relate to the annual reporting periods beginning after the effective date of each pronouncement. In respect of AASB 15 Revenue from Contracts with Customers, management is currently assessing the implications of the application of this standard. Except for AASB 15, the Directors anticipate that the adoption of these standards will not have a significant financial effect on SSFS.

2. REVENUE

	2015 $'000	2014 $'000
Trustee fee	**157,643**	136,794
Responsible Entity fee	**5,733**	4,891
Interest income	**1,138**	1,114
Distribution income	**212**	42
Advice fee	**168**	-
Net unrealised gain on investment in unit trust	**146**	296
Total revenue	**165,040**	143,137

3. EXPENSES

	2015 $'000	2014 $'000
Staff costs	**65,908**	59,061
Rental expense relating to operating leases - minimum lease payments	**5,170**	4,760
Information technology	**4,837**	3,339
Communications and marketing	**4,512**	3,352
Professional fees	**3,607**	5,414
Depreciation of property, plant and equipment	**3,312**	2,672
Finance and administration	**2,920**	2,864
Property related expenses	**2,674**	1,734
Investment management expenses	**2,075**	2,272
Amortisation of intangible assets	**1,499**	1,278
Other expenses	**4,242**	2,539
Total expenses	**100,756**	89,285

4. INCOME TAX

	2015 $'000	2014 $'000
(a) Income tax expense		
Current tax	**18,236**	16,457
Deferred tax	**308**	(243)
Adjustment in relation to prior years tax	**(1,269)**	-
Total tax expense	**17,275**	16,214
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets (note 10)	**3,130**	327
Less increase in deferred tax liabilities (note 10)	**(2,355)**	(84)
	775	243
Adjustment in relation to prior years deferred income tax	**(467)**	-
	308	243
(b) The prima facie tax payable on the accounting profit before income tax expense from operations is reconciled to the income tax expense in the financial statements as follows:		
Profit before income tax expense from continuing operations	**64,284**	53,852
Income tax expense calculated at 30% (2014: 30%)	**19,285**	16,156
Non-deductible items	**14**	58
Effect of Research & Development benefit	**(755)**	-
Adjustment in relation to prior years tax	**(1,269)**	-
Income tax expense due to continuing operations	**17,275**	16,214
(c) The current tax in the financial statements comprises as follows:		
Current tax	**(18,236)**	(16,457)
PAYG income tax instalment	**18,993**	14,285
Current tax receivable/(payable)	**757**	(2,172)

There has been no change to the corporate tax rate when compared to the previous reporting period.

5. CURRENT ASSETS - Cash and Cash Equivalents

	2015 $'000	2014 $'000
Term deposit	**25,500**	22,852
Deposits at call	**18,485**	14,580
Operational Risk Financial Reserve (refer note 16)	**50**	54
	44,035	37,486
Unallocated funds (refer note 11)	**1,871**	1,718
	45,906	39,204

6. CURRENT ASSETS - Trade and other receivables

	2015 $'000	2014 $'000
Trustee and Responsible Entity fees	**17,772**	13,614
Distribution receivable	**95**	-
Interest	**37**	152
Other debtors	**53**	14
	17,957	13,780

7. CURRENT ASSETS – Other current assets

	2015 $'000	2014 $'000
Investment in unlisted unit trust at fair value	**3,158**	3,013
Prepayments	**1,040**	1,044
	4,198	4,057

8. NON CURRENT ASSETS - Property, plant and equipment

	Fixtures and fittings $'000	Office equipment $'000	Computer hardware $'000	File servers $'000	Communication equipment $'000	Unfinished refurbishment works $'000	Total $'000
Gross carrying amount							
Balance at 30 June 2013	**12,918**	**4,663**	**2,599**	**2,544**	**1,267**	**-**	**23,991**
Additions	563	305	370	171	37	2,844	**4,290**
Disposals	-	(44)	(135)	(68)	(6)	-	**(253)**
Balance at 30 June 2014	**13,481**	**4,924**	**2,834**	**2,647**	**1,298**	**2,844**	**28,028**
Additions	1,219	1,116	484	1	216	-	**3,036**
Transferred to fixtures and fittings	2,844	-	-	-	-	(2,844)	-
Disposals	(565)	(38)	(55)	-	(8)	-	**(666)**
Balance at 30 June 2015	**16,979**	**6,002**	**3,263**	**2,648**	**1,506**	**-**	**30,398**
Accumulated depreciation							
Balance at 30 June 2013	**6,679**	**3,309**	**2,158**	**2,062**	**1,061**	**-**	**15,269**
Disposals	-	(41)	(133)	(68)	(5)	-	**(247)**
Depreciation expense	1,627	462	238	258	87	-	**2,672**
Balance at 30 June 2014	**8,306**	**3,730**	**2,263**	**2,252**	**1,143**	**-**	**17,694**
Disposals	(402)	(18)	(55)	-	(7)	-	**(482)**
Depreciation expense	2,039	623	324	228	99	-	**3,313**
Balance at 30 June 2015	**9,943**	**4,335**	**2,532**	**2,480**	**1,235**	**-**	**20,525**
Net carrying value							
As at 30 June 2014	**5,175**	**1,194**	**571**	**395**	**155**	**2,844**	**10,334**
As at 30 June 2015	**7,036**	**1,667**	**731**	**168**	**271**	**-**	**9,873**

Unfinished refurbishment works include capitalised costs in respect of the renovation of the Clarence Street office as at 30 June 2014.

9. NON CURRENT ASSETS - Intangible assets

	Computer software $'000	Unfinished technology transformation initiatives $'000	Total $'000
Gross carrying amount			
Balance at 30 June 2013	**7,926**	**591**	**8,517**
Additions	710	7,275	7,985
Disposals	(420)	-	(420)
Balance at 30 June 2014	**8,216**	**7,866**	**16,082**
Additions	-	25,650	25,650
Transferred to computer software	1,709	(1,709)	-
Disposals	(1,618)	-	(1,618)
Balance at 30 June 2015	**8,307**	**31,807**	**40,114**

Accumulated amortisation			
Balance at 30 June 2013	**5,183**	**-**	**5,183**
Disposals	(420)	-	(420)
Amortisation expense	1,278	-	1,278
Balance at 30 June 2014	**6,041**	**-**	**6,041**
Disposals	(1,329)	-	(1,329)
Amortisation expense	1,439	-	1,439
Balance at 30 June 2015	**6,151**	**-**	**6,151**

Net carrying value			
As at 30 June 2014	**2,175**	**7,866**	**10,041**
As at 30 June 2015	**2,156**	**31,807**	**33,963**

Unfinished technology transformation initiatives comprises of capitalised costs in respect of the implementation of the new CRM and Financial Advice systems. Refer to note 1(j) for capitalisation policy on intangible assets.

10. NON CURRENT ASSETS - Deferred tax assets

Gross deferred tax assets and liabilities comprise the estimated future benefit/cost at the applicable rate of 30% (2014: 30%) on the following items arising from temporary differences between accounting and taxation:

	2015 $'000	2014 $'000
Gross deferred tax assets:		
Accrued employee entitlements	**5,701**	5,531
Accrued expenditure	**3,373**	521
Depreciation of property, plant and equipment	**808**	700
Total deferred tax asset	**9,882**	6,752
Gross deferred tax liabilities:		
Effect of Research & Development benefit	**2,259**	-
Investment revaluation	**201**	78
Accrued revenue	**11**	46
Loss on disposal	**8**	-
Total deferred tax liabilities	**2,479**	124
Net deferred tax asset	**7,403**	6,628

10. NON CURRENT ASSETS - Deferred tax assets (continued)

The movement in gross deferred tax assets and liabilities is as follows:

2014	Opening balance $'000	Charged to income $'000	Closing balance $'000
Gross deferred tax assets:			
Accrued employee entitlements	4,573	958	5,531
Depreciation of property, plant and equipment	824	(124)	700
Accrued expenditure	1,018	(497)	521
Investment revaluation	10	(10)	-
	6,425	327	6,752
Less:			
Gross deferred tax liabilities:			
Investment revaluation	-	78	78
Accrued revenue	40	6	46
	40	84	124
Net deferred tax asset	6,385	243	6,628

2015	Opening balance $'000	Charged to income $'000	Closing balance $'000
Gross deferred tax assets:			
Accrued employee entitlements	5,531	170	5,701
Accrued expenditure	521	2,852	3,373
Depreciation of property, plant and equipment	700	108	808
	6,752	**3,130**	**9,882**
Less:			
Gross deferred tax liabilities:			
Effect of Research & Development benefit	-	2,259	2,259
Investment revaluation	78	123	201
Accrued revenue	46	(35)	11
Loss on disposal	-	8	8
	124	**2,355**	**2,479**
Net deferred tax asset	**6,628**	**775**	**7,403**

11. CURRENT LIABILITIES - Trade and other payables

	2015 $'000	2014 $'000
Other payables	**7,742**	4,631
Unallocated funds (refer note 5)	**1,871**	1,718
Trade payables	**1,216**	534
Corporate taxes	**843**	934
	11,672	7,817

12. CURRENT LIABILITIES – Provisions

	2015 $'000	2014 $'000
Short term incentive plan	**12,197**	11,276
Annual leave	**2,368**	2,277
Long service leave	**1,554**	1,885
Long term incentive plan	**1,081**	743
Restructure provision	**774**	500
Fee rebate	**600**	367
Premises make good	**161**	297
Provision for termination payment	**98**	865
Client compensation	**50**	151
	18,883	18,361

13. NON-CURRENT LIABILITIES – Provisions

	2015 $'000	2014 $'000
Premises make good	**1004**	425
Long term incentive plan	**903**	698
Long service leave	**814**	695
	2,721	1,818

14. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability recognised and included in the financial statements are as follows:

Current	1 July 2014 $'000	Additional provisions recognised $'000	Payments made $'000	30 June 2015 $'000
Short term incentive plan	11,276	15,598	(14,677)	**12,197**
Annual leave	2,277	3,128	(3,037)	**2,368**
Long service leave	1,885	126	(457)	**1,554**
Long term incentive plan*	743	793	(455)	**1,081**
Provision termination pay	865	523	(1,290)	**98**
	17,046	**20,168**	**(19,916)**	**17,298**

Non-current

Long term incentive plan	698	205	-	**903**
Long service leave	695	119	-	**814**
	1,393	**324**	**-**	**1,717**
Total employee entitlements	**18,439**	**20,492**	**(19,916)**	**19,015**

*While it is reasonable to estimate the Long Term Incentive will be paid over several financial periods, part of the incentive has been classified as a current liability to reflect the existing employee entitlement at 30 June subject to vesting conditions upon cessation of employment with SSFS.

	2015	2014
Number of employees at the end of the financial year	**418**	393

15. CONTRIBUTED EQUITY

SSFS has two forms of contributed equity, consisting of fully paid ordinary shares and equity provided under a Financial Accommodation Agreement. The composition and value of the contributed equity is presented as follows:

	2015 $'000	2014 $'000
Fully paid ordinary shares	**10,000**	10,000
Financial Accommodation Agreement	**42,200**	-
	52,200	10,000

Fully paid ordinary shares

	2015 No. of shares '000	$'000	2014 No. of shares '000	$'000
Balance at the end of the financial year	**10,000**	**10,000**	10,000	10,000

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

From 1 July 1998, the authorised capital and par value concept in relation to share capital was abolished. In accordance with the Corporations Act, SSFS does not have a limited amount of authorised capital and all ordinary shares issued have no par value.

Financial Accommodation Agreement

On 25 June 2015 SSFS was recapitalised via a Financial Accommodation Agreement. The Financial Accommodation Agreement is an agreement between SSFS and SAS Trustee Corporation.

The purpose of the Financial Accommodation Agreement provided by SAS Trustee Corporation is to be solely used for working capital and operational purposes of SSFS. Under the terms of the agreement SSFS has no obligation to pay interest, or any other amount, to SAS Trustee Corporation in respect of any financial accommodation provided by SAS Trustee Corporation to SSFS as part of the agreement.

The maximum amount of the facility is $60.0 million and the initial drawdown of $42.2 million was made on 25 June 2015. Since that date SSFS has not made any repayments on the facility and the undrawn amount is $17.8 million.

16. RESERVES

	2015 $'000	2014 $'000
Operational Risk Financial Reserve		
Balance at the beginning of the financial year	**54**	140
(Released) / charge to equity	**(4)**	(86)
Balance at the end of the financial year (refer note 5)	**50**	54

The Operational Risk Financial Reserve (ORFR) has been established as an APRA requirement for registrable superannuation entities to maintain adequate financial resources to address losses arising from operational risks that may affect registrable superannuation entities within its business operations.

As Trustee, SSFS elected to hold an amount of ORFR for the State Super Fixed Term Pension Plan (which was closed to new investors in 2004) on the balance sheet to meet this regulatory requirement.

The targeted amount of ORFR for funds we are Trustee for has been determined at 0.25 per cent of total funds under management. On 15 September 2014 SSFS notified APRA that it has met the ORFR for the first time. In respect of the State Super Fixed Term Pension Plan, on 11 December 2014 the Board approved a minimum dollar value for the ORFR to be set at $50,000.

17. DIVIDENDS

	2015 $'000	2014 $'000
Fully franked dividends paid and payable at tax rate 30% (2014: 30%)	**51,300**	30,000
Adjusted franking account balance (tax paid basis)	**21,824**	25,128

Dividend per share	**$5.13**	$3.00

18. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key management personnel

The key management personnel of the Company at any time during the financial year were as follows:

Non-Executive Directors

P. K. Gupta (Chairman)
A. Claassens
M. G. Lambert (Ceased effective 16 June 2015)
T. O'Grady (Appointed effective 21 May 2015)
F. J. Pak-Poy (Appointed effective 21 May 2015)
P. F. Scully
G. Vernados (Appointed effective 1 July 2014)
M. Walsh (Appointed effective 21 May 2015)
S. Walsh (Ceased effective 24 March 2015)

Executive Director

M. Monaghan (Managing Director)

Key Executives

J. T. Andriessen (General Manager, Marketing, Product & Advice)
S. Bradley (General Manager, Financial Planning)
T. Elliott (Chief Operating Officer/Chief Financial Officer)
D. Graham (Chief Investment Officer)
H. M. Harms (General Manager, Information Technology) (Resigned effective 30 September 2014)
K. S. Hughes (General Manager, Risk & Compliance)
T. A. Murphy (General Manager, Human Resources)
J. Panaretos (General Manager, Business Development)
S. Woods (General Manager, Transformation)
C. Yazbeck (Head of Legal and Company Secretarial) (Appointed effective 11 December 2014)

18. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(b) Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of SSFS is set out below:

	2015 $	2014 $
Short-term employee benefits	**5,198,970**	5,209,738
Termination benefits	**707,591**	-
Post-employment benefits	**233,153**	238,097
Other long-term employee benefits	**361,838**	672,848
	6,501,552	6,120,683

(c) Other transactions with key management personnel or entities related to them

Transactions between related parties are disclosed in Note 21.

19. REMUNERATION OF AUDITORS

	2015 $	2014 $
Audit of trusts administered by SSFS - Auditor General of New South Wales	**314,900**	217,320
Amounts paid or payable to the auditors for:		
Auditing the financial statements of the Company – Auditor General of New South Wales	**64,950**	51,380
Other services in relation to SSFS	**5,000**	73,500
	384,850	342,200

20. COMMITMENT FOR EXPENDITURE

(a) Lease commitments

Total lease expenditure contracted for at balance date but not provided for in the financial statements:

	2015 $'000	2014 $'000
Non-Cancellable operating property leases payable:		
Not later than one year	**6,387**	5,975
Later than one, but not later than five years	**14,791**	17,137
Greater than five years	**236**	285
	21,414	23,397

Leases are subject to options exercisable at the discretion of SSFS, which if exercised, would extend the period of these leases.

(b) Capital expenditure commitments

These represent amounts payable in relation to capital expenditure commitments contracted for at reporting date but not recognised as liabilities. The value of contracted capital expenditurecommitments excluding GST outstanding as at 30 June 2015 totalled $13.1 million (2014: $20.1 million). These commitments primarily relate to the second phase of SSFS's transformation project and consist of $11.8 million for development of the new registry system, and $1.3 million dedicated to the development of digital capabilities, providing clients the capacity to deal with the organisation in any way they choose.

21. RELATED PARTY TRANSACTIONS

(a) Director related entities

	2015 $	2014 $
Payment for rent, outgoings and cleaning services to SAS Trustee Corporation on normal commercial terms.	**2,674,444**	1,448,650
Payment of costs associated with provision of services under an Access Agreement between SSFS and SAS Trustee Corporation	**131,081**	140,365

(b) Holding of units - State Super Retirement Fund

State Super Financial Services Australia Limited is the Trustee of the State Super Retirement Fund. The key management personnel of SSFS held units in the State Super Retirement Fund as follows:

	Number of Units
2015	**28,504**
2014	94,368

21. RELATED PARTY TRANSACTIONS (continued)

(c) Holding of units - State Super Investment Fund Class A

State Super Financial Services Australia Limited is the Responsible Entity of the State Super Investment Fund Class A.

The number of units held by key management personnel in the State Super Investment Fund Class A is as follows:

	Cash Fund (No. units)	Growth Fund (No. units)
2015	**185**	**54,693**
2014	181	46,524

(d) Holding of units - State Super Investment Fund Class B

State Super Financial Services Australia Limited is the Responsible Entity of the State Super Investment Fund Class B.

The number of units held by key management personnel in the State Super Investment Fund Class B is as follows:

	Australian Equities (No. units)	Fixed Term (No. units)
2015	**-**	**400,000**
2014	108,935	-

At the end of the financial year SSFS holds the following number of units in the State Super Investment Fund Class B:

	Growth Fund (No. units)	Australian Equities (No. units)	Capital Stable (No. units)	Balanced (No. units)	International (No. units)	Fixed Interest (No. units)	Moderate (No. units)
2015	**416,215**	**416,181**	**208,107**	**416,215**	**208,107**	**208,107**	**416,215**
2014	416,215	416,181	208,107	416,215	208,107	208,107	416,215

(f) Remuneration of key management personnel

Information on key management personnel compensation is disclosed in Note 18.

22. CASH FLOW INFORMATION

	2015 $'000	2014 $'000
(a) RECONCILIATION OF CASH		
Cash and cash equivalents (see Note 5)	**45,906**	39,204
(b) RECONCILIATION OF NET PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	**47,009**	37,638
Depreciation of property, plant and equipment	**3,312**	2,672
Amortisation of intangible assets	**1,499**	1,278
Loss on disposal of fixed assets	**475**	6
Changes in operating assets and liabilities		
Increase in payables	**3,855**	2,014
Increase in deferred tax liabilities	**2,479**	-
Increase in current employee entitlements	**1,102**	2,976
Increase in non-current employee entitlements	**324**	220
Increase in other current assets	**(143)**	(468)
Decrease in current income tax liability	**(2,929)**	(2,740)
Increase in deferred tax assets	**(3,254)**	(243)
Increase in receivables	**(4,177)**	(1,427)
Decrease in non-current unearned income	**-**	(108)
Net cash generated by operating activities	**49,552**	41,818

23. FINANCIAL INSTRUMENTS

(a) General

Operating cash flows are used to make outflows for dividends, tax and expenses. SSFS invests its surplus cash flow funds in short term liquid investments with Australian banks and financial institutions.

(b) Capital risk management

SSFS's capital structure is comprised of issued capital (Note 15) and retained earnings.

SSFS is a Superannuation Dual-Regulated Entity (SDRE) as it's a registrable superannuation entity licensee (RSE licensee) in respect of the State Super Retirement Fund, and a Responsible Entity (RE) in respect of the State Super Investment Fund.

Prior to 5 November 2014, SSFS in its capacity as RE was required to maintain a minimum of $5 million in liquid assets at all times in accordance with APRA requirements. Subsequently on 5 November 2014, APRA wrote to SSFS noting that since it had achieved the target level of Operational Risk Financial Reserve (ORFR), certain licence conditions would be revoked including the removal of the $5 million regulatory capital requirement.

From 1 July 2015, in accordance with RG166, SSFS is required to maintain minimum NTA of 10 per cent of average RE and IDPS revenue, uncapped. On 25 June 2015, SSFS was recapitalised via a Financial Accommodation Agreement to enable this regulatory requirement to be met on 1 July 2015.

SSFS has complied with its financial obligations throughout the current financial year.

(c) Categories of financial instruments

	2015 $'000	2014 $'000
Financial Assets		
Cash and cash equivalents	**45,906**	39,204
Trade and other receivables	**17,957**	13,780
Other financial assets	**4,198**	4,057

Financial Liabilities		
Amortised cost	**11,672**	7,817

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a financial loss to SSFS.

The maximum exposure to credit risk for each class of financial asset, excluding the value of any collateral or other security, at balance date in regard to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

SSFS invests its surplus cash flow funds in short term liquid investments with Australian banks and financial institutions. As such SSFS has a significant credit exposure to these banks and financial institutions. Each bank and financial institution has a high credit-rating assigned by international credit-ratings agencies. SSFS on a daily basis monitors its counterparty credit exposure. SSFS does not have an exposure to derivative financial instruments.

23. FINANCIAL INSTRUMENTS (continued)

(e) Liquidity and cash flow risk

SSFS actively manages liquidity risk by forecasting cash flow requirements, continuously monitoring cash flows on a daily basis and investing surplus cash flow funds in short term liquid investments. The following table details the maturity analysis of SSFS's financial liabilities.

	0-3 months $'000	3-6 months $'000	6-12 months $'000	Total $'000
2015				
Provisions	13,918	992	3,973	**18,883**
Non-interest bearing	11,672	-	-	**11,672**
	25,590	**992**	**3,973**	**30,555**
2014				
Provisions	14,049	1,916	2,396	18,361
Non-interest bearing	7,817	-	-	7,817
Dividend payable	5,000	-	-	5,000
Current tax liabilities	2,172	-	-	2,172
	29,038	1,916	2,396	33,350

(f) Market risk

Market risk arises from factors such as economic, technological, political or legal conditions which can adversely affect investment markets. In turn, this can cause market prices to fluctuate and affect the value of investment portfolios. Market risk comprises of market interest rates (interest rate risk) only.

23. FINANCIAL INSTRUMENTS (continued)

(g) Interest rate risk

SSFS's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the weighted average effective interest rates on those financial assets and financial liabilities, is as follows:

	Variable interest rate <1 year to maturity $'000	Fixed interest rate <1 year to maturity $'000	Non-interest bearing $'000	Total $'000
2015				
Financial assets				
Term deposits	-	25,500	-	**25,500**
Deposits at call	18,485	-	-	**18,485**
Trade and other receivables	-	-	17,957	**17,957**
Units in related unit trust	-	-	3,158	**3,158**
Unclaimed monies	-	-	1,871	**1,871**
Current tax receivable	-	-	757	**757**
Operational Risk Financial Reserve	50	-	-	**50**
Other current assets	-	-	1,040	**1,040**
Total	**18,535**	**25,500**	**24,783**	**68,818**
Financial liabilities				
Trade and other payables	-	-	9,801	**9,801**
Unclaimed monies	-	-	1,871	**1,871**
Total	**-**	**-**	**11,672**	**11,672**
2014				
Financial assets				
Term deposits	-	22,852	-	22,852
Deposits at call	14,580	-	-	14,580
Trade and other receivables	-	-	13,780	13,780
Units in related unit trust	-	-	3,013	3,013
Unclaimed monies	-	-	1,718	1,718
Operational Risk Financial Reserve	54	-	-	54
Other current assets	-	-	1,044	1,044
Total	14,634	22,852	19,555	57,041
Financial liabilities				
Trade and other payables	-	-	6,099	6,099
Unclaimed monies	-	-	1,718	1,718
Total	-	-	7,817	7,817

23. FINANCIAL INSTRUMENTS (continued)

(h) Sensitivity analysis

The following table summarises the sensitivity of SSFS's Statement of Comprehensive Income and Statement of Financial Position to interest rate risk and price risk.

The sensitivity analyses have been determined based on the exposure to a change in the interest rates and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

The following table demonstrates the sensitivity of SSFS's income statement to a possible change in interest rates and the effect on financial assets subject to variable interest rates, with all variables being held constant. Management believes that using standard deviation as a risk measure is appropriate for measuring interest rate risk. The long term assumptions are intended to be forward looking, and have been set using a combination of actual historical returns, economic theory, current market condition judgement. This methodology is consistent with the approach adopted and used in the sensitivity analysis for 2015.

However, actual movements in interest rates may be less or greater than anticipated due to a number of factors, including unusually large changes in the performance of the economies. As a result, historic variations in risk variables are not a definitive indicator of future variations in interest rates.

Asset class	Change in variable	Profit/(loss) 2015 $000	Change in equity 2015 $000	Profit/(loss) 2014 $000	Change in equity 2014 $000
Cash	+5.00%	2,295	2,295	1,960	1,960
	-5.00%	(2,295)	(2,295)	(1,960)	(1,960)

The potential impact of movements in the market value of unlisted investments on SSFS's income statement and statement of financial position is shown in the below sensitivity analysis. This sensitivity analysis has been performed to assess the direct risk of holding these instruments. It is assumed that the relevant change occurs as at the reporting date.

Asset class	Change in variable	Profit/(loss) 2015 $000	Change in equity 2015 $000	Profit/(loss) 2014 $000	Change in equity 2014 $000
Units in unlisted unit trust	10.00%	316	316	301	301
	-10.00%	(316)	(316)	(301)	(301)

(i) Fair values

The carrying amounts of financial assets and financial liabilities as disclosed in the Statement of Financial Position and in the notes to the financial statements approximate fair value.

24. CONTROLLED ENTITIES

Details of investments in controlled entities are as follows:

			% holdings	
Name of entity	**Country of incorporation**	**Share type**	**2015**	**2014**
State Plus Financial Pty Limited	Australia	Ordinary shares	**100%**	-

25. CONTINGENT LIABILITIES AND ASSETS

Third party guarantees

Bank guarantees have been issued by a third party institution on behalf of SSFS for items in the normal course of the business such as rental contracts. The amounts involved are not considered to be material to SSFS.

There are no other contingent liabilities or contingent assets (2014: $nil).

26. SUBSEQUENT EVENTS

State Super Financial Services Australia Limited is a growing business. As a result a project has been undertaken to identify the need to evolve the brand in order to find a distinctive, inspiring, relevant and authentic place for SSFS to stand to support its strategic goals and growth over the long-term.

Subsequent to the end of the financial year SSFS has embarked on a campaign to bring to life the new brand and articulate the value of the change to all audiences.

At the date of this report and other than disclosed above, no matter or circumstance has arisen that has affected, or may significantly affect the operations of SSFS, the results of those operations or the state of affairs of SSFS in future financial years.

27. CONTROLLING ENTITY

As at 30 June 2015, SSFS is owned 100% (2014: 100%) by the Pooled Fund of which the SAS Trustee Corporation is the Trustee.

The controlling entity of SSFS is SAS Trustee Corporation.

To the Directors
State Super Financial Services Australia Limited
Level 7, 83 Clarence Street
SYDNEY NSW 2000

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of State Super Financial Services Australia Limited.

As lead auditor for the audit of the financial statements of State Super Financial Services Australia Limited for the year ended 30 June 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

James Sugumar
Director, Financial Audit Services

31 August 2015
SYDNEY

INDEPENDENT AUDITOR'S REPORT

State Super Financial Services Australia Limited

To Members of the New South Wales Parliament and Members of State Super Financial Services Australia Limited

I have audited the accompanying financial statements of State Super Financial Services Australia Limited (the Company), which comprise the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration as set out on pages 9 to 43 attached.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 30 June 2015 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- comply with International Financial Reporting Standards as disclosed in Note 1.

My opinion should be read in conjunction with the rest of this report.

Directors' Responsibility for the Financial Statements

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

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 'Presentation of Financial Statements' that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

[illegible] Sydney NSW 2000 | GPO Box [illegible] [illegible]

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, the *Corporations Act 2001* and relevant ethical pronouncements. The *Public Finance and Audit Act 1983* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 31 August 2015, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar

James Sugumar
Director, Financial Audit Services

2 September 2015
SYDNEY

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› Directory

Client Administration & Registry Services
GPO Box 5336 Sydney NSW 2001

Sydney Clarence Street NSW
Level 9, 83 Clarence Street, SYDNEY
GPO Box 5336 Sydney NSW 2001
Client Services: 02 9333 9500
Charge Free: 1800 222 211

Sydney Pitt Street NSW
Level 9, 175 Pitt Street, SYDNEY
GPO Box 5058, Sydney NSW 2001
Client Services: 02 8295 7950
Charge Free: 1800 985 950

Canberra City ACT
86-88 Northbourne Avenue, BRADDON
PO Box 725 Civic Square ACT 2608
Client Services: 02 6232 2155
Charge Free: 1800 028 918

Canberra Woden ACT
Level 1, 10 Corinna Street, PHILLIP
PO Box 49 Woden ACT 2606
Client Services: 02 6122 2855
Toll Fee: 1800 502 100

Melbourne VIC
Level 16, 440 Collins Street, MELBOURNE
GPO Box 2817 Melbourne VIC 8060
Client Services: 03 8615 3055
Charge Free: 1800 805 233

Brisbane QLD
Level 10, 133 Mary Street, BRISBANE
PO Box 15499 City East QLD 4002
Client Services: 07 3335 7055
Charge Free: 1800 357 085

Perth WA
Level 3, 197 St Georges Terrace, PERTH
PO Box 5657 St Georges Terrace, Perth WA 6831
Client Services: 08 9214 4155
Toll Fee: 1800 332 308

Parramatta NSW
Level 1, 90 Phillip Street, PARRAMATTA
PO Box 966 Parramatta NSW 2124
Client Services: 02 8895 2355
Charge Free: 1800 626 000

Newcastle NSW
Level 2, 22 Honeysuckle Drive, NEWCASTLE
PO Box 1765 Newcastle NSW 2300
Client Services: 02 4016 2255
Charge Free: 1800 807 855

Penrith NSW
Level 3, 331 High Street, PENRITH
PO Box 1014, Penrith NSW 2751
Client Services: 02 4724 4855
Charge Free: 1800 102 700

Liverpool NSW
Level 3, 1 Moore Street, LIVERPOOL
PO Box 137 Liverpool NSW 1871
Client Services: 02 8738 2555
Toll Fee: 1800 899 315

Central Coast NSW
Level 2, 40 Mann Street, GOSFORD
PO Box 354 Gosford NSW 2250
Client Services: 02 4304 8255
Charge Free: 1800 801 965

Mid North Coast NSW
40 Gordon Street, PORT MACQUARIE
PO Box 2117 Port Macquarie NSW 2444
Client Services: 02 6516 1455
Charge Free: 1800 676 839

North West NSW
17 White Street, TAMWORTH
PO Box 297 Tamworth NSW 2340
Client Services: 02 6755 2055
Charge Free: 1800 248 609

Northern Rivers NSW
193-199 River Street, BALLINA
PO Box 1078 Ballina NSW 2478
Client Services: 02 6686 1655
Charge Free: 1800 656 474

South West NSW
14 Morrow Street, WAGGA WAGGA
PO Box 13 Wagga Wagga NSW 2650
Client Services: 02 5908 1755
Charge Free: 1800 641 109

Central West NSW
180 Anson Street, ORANGE
PO Box 2381 Orange NSW 2800
Client Services: 02 5310 1855
Charge Free: 1800 803 708

Wollongong NSW
Level 4, 280 – 286 Keira Street, WOLLONGONG
PO Box 349 Wollongong East NSW 2520
Client Services: 02 4231 2455
Charge Free: 1800 060 166

[redacted]

[redacted]

STATE SUPER
Financial
Services
AUSTRALIA

SW Unit Trust

SPECIAL PURPOSE FINANCIAL REPORT

30 JUNE 2015

SW Unit Trust
Trustee's Report

The directors of the Trustee Company, STC Funds Nominee Pty Ltd (the "Trustee"), present their report together with the special purpose financial report of SW Unit Trust (the "Trust") for the year ended 30 June 2015.

Directors
The directors of the Trustee at any time during or since the end of the financial year are:

L Buck (appointed 8 August 2014)
J Livanas (appointed 1 July 2014)
G Matthews (resigned 1 July 2014)
T Snow (resigned 1 July 2014)

Principal activities
The principal activity of the Trust from its inception on 3 October 2007 to 30 June 2015 was an investment trust.

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

Review and Results of operations
The net profit for the year was $8,045,709.

Distributions
There were no distributions to unit holders during the year.

State of affairs
In the opinion of the Trustee there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Events subsequent to balance date
There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Likely developments
In the opinion of the Trustee, information about likely developments in the operations of the Trust and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Trust.

SW Unit Trust
Trustee's Report

Interest of the Trustee

There were no fees paid to the Trustee and its associates out of the Trust's property during the period.

The Trustee held no units in the Trust at year end.

Indemnification and insurance of officers and auditors

No insurance premiums are paid out of the assets of the Trust for insurance cover provided to the Trustee or auditor of the Trust. If the Trustee acts in accordance with the constitution and the law, the Trustee is generally entitled to indemnity out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is not indemnified out of the assets of the Trust.

Options

No options have been granted to any person in relation to any units in the Trust.

Signed in accordance with a resolution of the Trustee:

....

Director

Dated at Sydney this 20th day of October 2015.

SW Unit Trust
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue from operating activities	2	8,045,709	12,113,263
Expenses from operating activities	3	-	-
Profit (Loss) for the year		8,045,709	12,113,263

The statement of profit of loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

SW Unit Trust
Statement of Changes in Equity
For the year ended 30 June 2015

	Units	Contributed unit capital ($)	Retained earnings ($)	Total ($)
Balance 1 July 2014	400,000,100	90,651,788	(17,833,736)	72,818,052
Allocation of units		-	-	-
Profit attributable to Trust		-	8,045,709	8,045,709
Distributions paid to unit holders		-	-	-
Balance 30 June 2015	400,000,100	90,651,788	(9,788,027)	80,863,761

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

SW Unit Trust
Statement of Financial Position
As at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Settlement sum		230	230
Total current assets		230	230
Non-current assets			
Investments	4	80,863,531	72,817,822
Total non-current assets		80,863,531	72,817,822
Total assets		80,863,761	72,818,052
Current liabilities		-	-
Total current liabilities		-	-
Non-current liabilities		-	-
Total non-current liabilities		-	-
Net assets attributable to unit holders		80,863,761	72,818,052
Net assets attributable to unit holders - Equity		80,863,761	72,818,052

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

SW Unit Trust
Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Net cash provided by operating activities		-	-
		-	-
Cash flows from investing activities			
Dividends received from investments		-	-
Net cash provided by investing activities		-	-
Cash flows from financing activities			
Distributions paid to unit holders		-	-
Net cash provided by financing activities		-	-
Net increase in cash held		-	-
Cash at the beginning of the year		-	-
Cash at the end of the year		-	-

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Note 1 Statement of Significant Accounting Policies

The undertakings of the Trust are carried out by the Trustee, STC Funds Nominee Pty Ltd, on behalf of the Trust. The Trust was established for the purpose of investing in Southern Water Capital Ltd.

In the opinion of the Trustee the Trust is not a reporting entity. The financial report of the Trust has been drawn up as a special purpose financial report in order to fulfill the Trustee's duties under the Trust Deed to prepare financial statements.

The financial report has been prepared in accordance with the requirements of the following accounting standards adopted by the Australian Accounting Standards Board ("AASB").

AASB 101 *Presentation of Financial Statements*
AASB 107 *Statement of Cash Flows*
AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
AASB 1048 *Interpretation of Standards*

No other accounting standards, accounting interpretations or other authoritative pronouncements of the AASB have been applied.

(a) Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of a financial report in conformity with Australian Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

Note 1 Statement of Significant Accounting Policies (continued)

(b) Financial Instruments

Recognition

Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and with the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categories as held for trading unless they are designed as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of profit of loss and other comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. Gains and losses arising from changes in fair value are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Financial liabilities

Non-derivative financial liabilities are reflected at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the statement of profit of loss and other comprehensive income in the period in which they arise.

Fair value

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transaction, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit of loss and other comprehensive income.

		2015 $	2014 $
Note 2	**Revenue**		
	Movement in fair value of investment	8,045,709	12,113,263
Note 3	**Expenses**		
	Movement in fair value of investment	-	-
Note 4	**Investments**		
	Non current		
	Unlisted investment – Southern Water (at Custodian Valuation)	80,863,531	72,817,822

Note 5 Related Parties

The names of each person holding the position of director of the Trustee Company STC Funds Nominee Pty Ltd, during or since the end of the financial year are:

L Buck (appointed 8 August 2014)
J Livanas (appointed 1 July 2014)
G Matthews (resigned 1 July 2014)
T Snow (resigned 1 July 2014)

No director has entered into a material contract with the Trust and there were no material contracts involving directors existing at the year end.

There were no contracts involving the Trustee Company and the Trust existing at year end.

Note 6 Commitments, contingent assets and contingent liabilities

At 30 June 2015 there were no material commitments for capital expenditure, lease hire expenditure, nor any other type of expenditure not included in the accounts, nor were there any contingent liabilities or contingent assets.

Note 7 Trust details

The registered office of the Trust is:

c/- SAS Trustee Corporation
Level 16
83 Clarence Street
Sydney NSW 2000

SW Unit Trust
Statement by Trustee

The directors of the Trustee Company STC Funds Nominee Pty Ltd declare that the Trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of STC Funds Nominee Pty Ltd, the Trustee:

1. (a) the SW Unit Trust has operated during the year ended 30 June 2015 in accordance with the provisions of the Trust Deed dated 3 October 2007; and

   (b) the accompanying financial statements, consisting of Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and accompanying notes set out on pages 3 to 10 are properly drawn up in accordance with the basis of accounting described in Note 1 and the Trust Deed so as to present fairly the financial position of the Trust as at 30 June 2015 and the revenue and expenses of the Trust for the year ended 30 June 2015.

2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of the STC Funds Nominee Pty Ltd:

....
Director

Dated at ....Sydney.... this ....20th.... day of ....October.... 2015.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Contents:	**Page No.**

INDEPENDENT AUDITOR'S REPORT

Valley Commerce Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Valley Commerce Pty Limited (the Company), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

The Directors' Responsibility for the Financial Statements

The Directors are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

James Sugumar
Director, Financial Audit Services

17 August 2015
SYDNEY

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

DIRECTOR'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I declare on behalf of Valley Commerce Pty Limited that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Valley Commerce Pty Limited as at 30 June 2015.
2. The financial statements have been prepared in accordance with the Australian Accounting Standards, the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 13th day of August 2015 in accordance with a resolution of the Directors.

Director.......................................
Name: SARA LEONG

Director.......................................
Name: ANDREW BARLASS

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2015

	Note	2015 $	2014 $
Revenues		-	-
Expenses		-	-
Profit from Continuing Operations before Income Tax		-	-
Income tax expense		-	-
Profit for the year		-	-
Other Comprehensive Income		-	-
Income tax expense on other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 $	2014 $
Total assets		-	-
Total liabilities		-	-
Net assets		-	-
Equity			
Contributed Equity	4	8	8
Accumulated Losses		(8)	(8)
Total equity		-	-

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Total equity at the beginning of the financial year		-	-
Other comprehensive income		-	-
Profit for the year		-	-
Total comprehensive income for the year		-	-
Transactions with equity holders in their capacity as equity holders		-	-
Total transactions with equity holders		-	-
Total equity at the end of the financial year		-	-

The above Statement of Changes In Equity should be read in conjunction with the accompanying notes.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	$	$
Cash flows from operating activities		
Net cash flows from operating activities	-	-
Cash flows from investing activities		
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Net cash flows from activities	-	-
Cash and cash equivalents at the beginning of the financial year	-	-
Cash and cash equivalents at the end of the financial year	-	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes..

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2015**

1. Principal Activity

Valley Commerce Pty Limited (the Company) has been dormant during the twelve months ended 30 June 2015 and the twelve months ended 30 June 2014.

The Company is 100% owned by its parent entity, SAS Trustee Corporation (STC). The Company is a special purpose company set up to be able to enforce the coal royalty rights owned by STC.

The Directors have determined the Company to be a for-profit entity for financial reporting purposes.

The financial statements were authorised by the Directors on 13th August 2015.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company's financial statements are general purpose financial statements, which have been prepared on an accrual basis and in accordance with:

- the *Public Finance and Audit Act 1983*
- the *Public Finance and Audit Regulation 2010*
- applicable Australian Accounting Standards and Australian Accounting Interpretations

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest dollar and are expressed in Australian currency.

Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

Revenue Recognition

Revenue is recognised when the entity has control of the good or right to receive, it is probable that the economic benefits will flow to the entity and the amount of revenue can be measured reliably.

Employee Benefits

The Company has no employees.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2015**

Notes to the Financial Statements (continued)

Insurance

The Company has no insurance activities.

Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables and payables are stated with the amount of GST included.

Acquisition of Assets

The Company has not acquired any assets.

Plant and Equipment

The Company has no plant and equipment.

Depreciation of Non-Current Property, Plant and Equipment

The Company has no non-current property, plant and equipment.

Maintenance and Repairs

No maintenance and repairs were undertaken during the financial year.

Receivables

Receivables are recognised at amortised cost less impairment. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Payables

These amounts represent liabilities for goods and services provided to the Company and other amounts, including interest. Interest is accrued over the period it becomes due.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2015

Notes to the Financial Statements (continued)

Change in Comparative Information

To be consistent with current year reporting, the following equity balances for the financial year ended 30 June 2014 have been restated to a net position which is more appropriate for the nature of the balances.

	Restated 2014	Audited Financial Statements 2014	Overall movement
Reserves	-	21,354,145	(21,354,145)
Accumulated Losses	(8)	(21,354,153)	21,354,145
	(8)	(8)	-

3. Auditor's Remuneration

	30 June 2015 $	30 June 2014 $
Total amount payable to the auditors of the company for:		
(a) Audit of the financial statements	3,000	2,400
(b) Other services	-	-
	3,000	2,400

Audit Fees of the Company are paid by the parent entity of the Company – SAS Trustee Corporation (STC).
The auditor of the Company is The Audit Office of NSW.

4. Contributed Equity

Contributed equity includes issued capital comprising 8 shares at $1.00 each, the same in 2014.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2015**

Notes to the Financial Statements (continued)

5. Contingent Liabilities

The Company has no contingent liabilities as at the date of this report (2014: nil)

6. Commitments for Expenditure

The Company has no commitment for expenditure as at the date of this report (2014: nil)

7. Financial Reporting by Segments

The Company continues to operate in one geographical area being NSW, Australia.

8. Key Management Personnel Compensation

	30 June 2015 $	30 June 2014 $
Total due and payable by the Company during the year	-	-

9. Related Party Information

(a) From 15 July 1997 the parent entity is SAS Trustee Corporation.

(b) The names of the Directors of the Company in office during the year ended 30 June 2015 and up to the date of signing these financial statements are as follows:

- Jeremy Don (resigned 23 July 2015)
- Sara Leong (appointed 23 July 2015)
- Andrew Barlass (appointed 23 July 2015)

Material Assistance Provided at no cost to the Company

Provided by STC:	30 June 2015 $	30 June 2014 $
• Lodgement fees	317	236
• Audit fees	3,000	2,400
	3,317	2,636

It is not possible to quantify the value of specific assistance provided by staff of Deutsche Australia Limited in relation to administrative, accounting and legal support.

End of Audited Financial Statements.

Compliance index for disclosure requirements

In accordance with the Annual Reports (Statutory Bodies) Regulation 2010, this index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

www.statesuper.nsw.gov.au
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Customer service

Between 8:30am and 5:30pm, Monday to Friday for the cost of a local call (unless calling from a mobile or pay phone)

State Authorities Superannuation Scheme (SASS)	1300 130 095
State Superannuation Scheme (SSS)	1300 130 096
Police Superannuation Scheme (PSS)	1300 130 097
Deferred benefit members	1300 130 094
Pension members	1300 652 113

Fax	02 4298 6688
Email	enquiries@stc.nsw.gov.au
Postal address	PO Box 1229 Wollongong NSW 2500

Personal interview service

For an interview appointment in Sydney call 02 9238 5540.

You can also arrange interviews at:

Newcastle	1800 807 855
Parramatta	1800 626 000
Port Macquarie	1800 676 839
Wollongong	1800 060 166