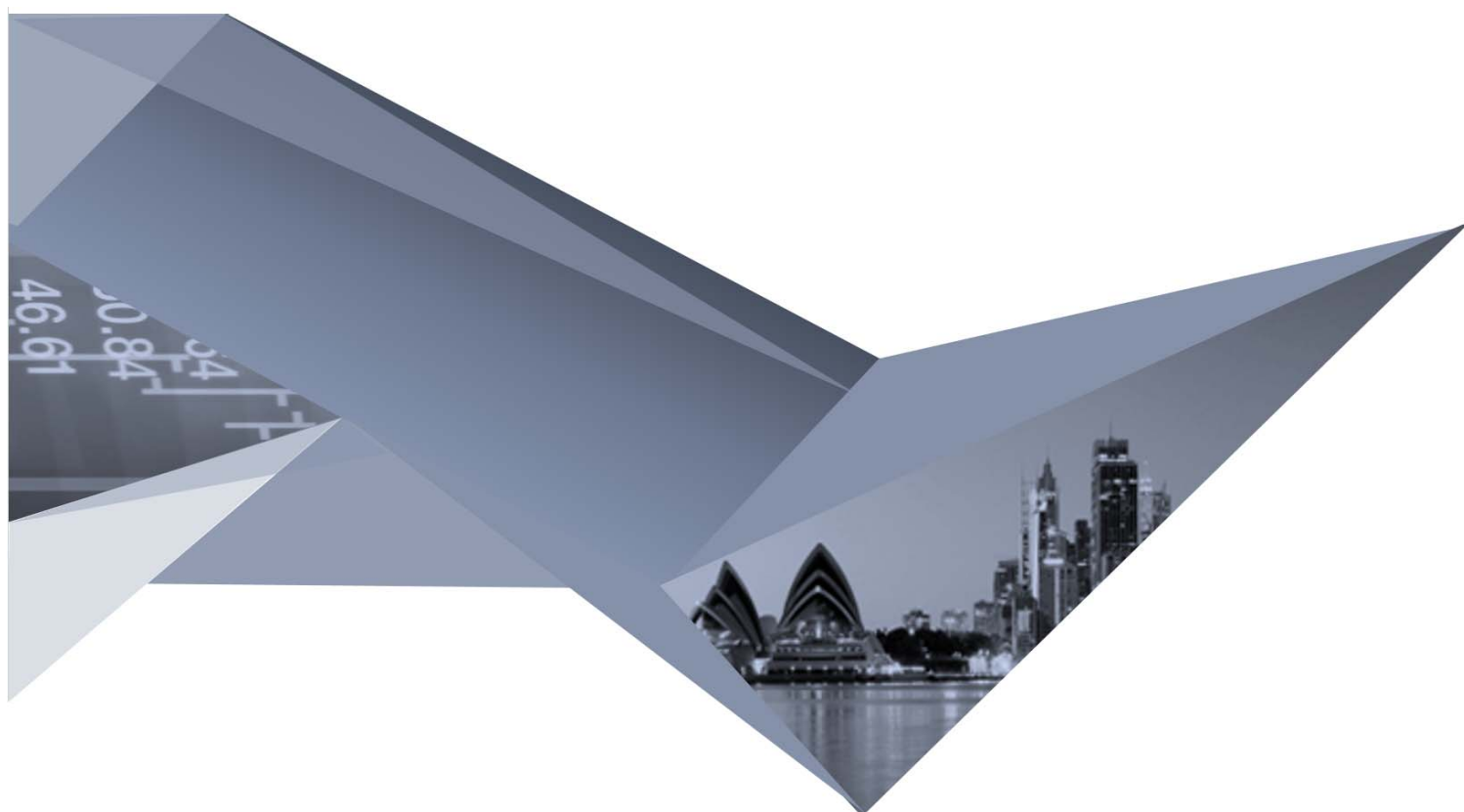




## AURORA ABSOLUTE RETURN FUND

ARSN 110 303 430



# INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made in respect of Aurora Absolute Return Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements cover the Aurora Absolute Return Fund as an individual entity.

The Responsible Entity of Aurora Absolute Return Fund is Aurora Funds Management Limited (ABN 69 092 626 885). The Responsible Entity's registered office is:

Level 4, 1 Alfred Street  
Sydney, NSW 2000

## Directors' report

The directors of Aurora Funds Management Limited (ABN 69 092 626 885), the Responsible Entity of Aurora Absolute Return Fund ("the Trust"), present their interim report together with the condensed financial statements of the Trust for the financial half-year ended 31 December 2014, and the auditor's report thereon.

The condensed financial report has been prepared for the Trust as it is a disclosing entity under the *Corporations Act 2001*.

### Principal activities

The Trust invests in the unlisted Aurora Fortitude Absolute Return Fund (ARSN 145 894 800) (the "Master Fund"), in accordance with the provision of the Trust Constitution and the current Product Disclosure Statement.

The Trust did not have any employees during the half-year.

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

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

### Directors

The following persons held office as directors of Aurora Funds Management Limited during the half-year or since the end of the half-year and up to the date of this report:

John Corr  
 Simon Lindsay  
 Oliver Morgan  
 Steuart Roe

### Units on Issue

Units on issue in the Trust at half-year are set out below:

	31 December 2014 No.	30 June 2014 No.
Units on issue	<u>29,496,371</u>	<u>23,739,563</u>

### Review and results of operations

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

The investment policy of the Trust continues to be that detailed in the current Product Disclosure Statement and in accordance with the provisions of the governing documents of the Trust.

### Financial Position

Net Tangible Assets (NTA) per unit as disclosed to the Australia Securities Exchange was as follows:

	31 December 2014 \$	30 June 2014 \$
At reporting period	0.978	1.028
High during period	1.050	1.070
Low during period	0.978	1.028

## Directors' report (continued)

### Financial results for the year

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

	Half-year ended	
	31 December 2014	31 December 2013
	\$	\$
<b>Net operating profit/(loss)</b>	<b>(657,947)</b>	435,505
Distributions paid and payable	<b>900,244</b>	457,518
Distribution (cents per unit) 31 December	<b>1.53</b>	1.59
Distribution (cents per unit) 30 September	<b>1.54</b>	1.59

### Information on Underlying Performance

The performance of the Trust is available through the recent performance reports available on the Responsible Entity's website. Consistent with the statements in the governing documents of the Trust, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

### Significant changes in state of affairs

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

### Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect:

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

### Likely developments and expected results of operations

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's Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

### Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of Aurora Funds Management Limited or the auditor of the Trust. So long as the officers of the Aurora Funds Management Limited act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust.

### Indemnity of auditors

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

## **Directors' report (continued)**

### **Interest in the Trust**

The movement in units on issue in the Trust during the year is disclosed in Note 5 of the financial statements.

The value of the Trust's assets and liabilities are disclosed on the Statement of Financial Position and derived using the basis set out in Note 3 of 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.

### **Proceedings on behalf of the Trust**

No person has applied for leave of Court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings. The Trust was not a party to any such proceedings during the year.

### **Auditor's independence declaration**

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of the directors.



Simon Lindsay  
Managing Director  
27 February 2015

The Directors  
Aurora Funds Management Limited  
Level 4, 1 Alfred Street  
Sydney NSW 2000

27 February 2015

Dear Directors

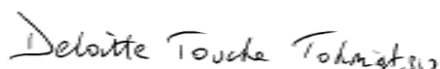
## **Independence Declaration – Aurora Absolute Return Fund**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Aurora Funds Management Limited, the Responsible Entity of Aurora Absolute Return Fund.

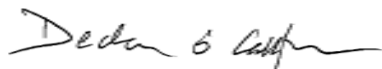
As lead audit partner for the review of the financial statements of Aurora Absolute Return Fund for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan  
Partner  
Chartered Accountants  
Sydney

**Aurora Absolute Return Fund**  
**ARSN 110 303 430**  
**Condensed Statement of Profit or Loss and Other Comprehensive Income**  
**For the half-year ended 31 December 2014**

**Condensed Statement of Profit or Loss and Other Comprehensive income**

		<b>Half-year ended</b>	
	<b>Notes</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
		<b>\$</b>	<b>\$</b>
<b>Income</b>			
Interest income		6,407	5,475
Dividend and distribution income		880,055	439,738
Net losses on financial instruments held at fair value through profit or loss	4	(1,542,641)	(5,287)
Total net investment income		(656,179)	439,926
<b>Expenses</b>			
Other operating expenses		1,768	4,421
<b>Total operating expenses</b>		1,768	4,421
Operating profit for the half-year		(657,947)	435,505
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	6	(900,244)	(457,518)
Decrease in net assets attributable to unitholders	5	1,558,191	22,013
<b>Profit/(loss) for the half-year</b>		-	-
Other comprehensive income for the half-year		-	-
<b>Total comprehensive income for the half-year</b>		-	-

*The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

## Condensed Statement of Financial Position

		As at	
	Notes	31 December 2014 \$	30 June 2014 \$
<b>Assets</b>			
Cash and cash equivalents		125,900	1,278,550
Receivables		448,222	358,757
Financial assets held at fair value through profit or loss	7	28,679,041	23,156,788
<b>Total assets</b>		<b>29,253,163</b>	<b>24,794,095</b>
 Distribution payable		 460,086	 375,769
Other liabilities		256	8,069
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>460,342</b>	<b>383,838</b>
<b>Net assets attributable to unitholders - Liability</b>	5	<b>28,792,821</b>	<b>24,410,257</b>
 <b>Liabilities attributable to unitholders</b>		 <b>(28,792,821)</b>	 <b>(24,410,257)</b>
 <b>Net assets</b>		 <b>-</b>	 <b>-</b>

*The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.*



## Condensed Statement of Changes in Equity

	As at	
	31 December 2014	31 December 2013
	\$	\$
<b>Total equity at the beginning of the half-year</b>	-	-
Profit/(loss) for the half-year	-	-
Other comprehensive income for the half-year	-	-
<b>Total comprehensive income for the half-year</b>	-	-
Transactions with equity holders in their capacity as equity holders	-	-
<b>Total equity at the end of the financial half-year</b>	-	-

Under Australian Accounting Standards, "Net assets attributable to unitholders" are classified as a liability rather than equity. As a result there was no equity at the start or end of the half-year.

*The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

## Condensed Statement of Cash Flows

		Half-year ended	
		31 December 2014	31 December 2013
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments		176,220	-
Purchase of financial instruments		(7,241,114)	(6,542,057)
Dividends and distributions received		789,394	342,057
Interest received		7,564	6,051
GST recovered		39	111
Payment of other expenses		(1,766)	(4,556)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(6,269,663)</b>	<b>(6,198,394)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders	5	6,515,132	8,235,857
Payments for redemptions by unit holders	5	(661,161)	(1,399,717)
Distributions paid		(736,958)	(301,409)
<b>Net cash (inflow)/outflow from financing activities</b>		<b>5,117,013</b>	<b>6,534,731</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,152,650)</b>	<b>336,337</b>
Cash and cash equivalents at the beginning of the half-year		1,278,550	455,590
<b>Cash and cash equivalents at the end of the half-year</b>		<b>125,900</b>	<b>791,927</b>

*The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## **Notes to the Condensed Financial Statements**

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2. Significant accounting policies
3. Fair value measurement
4. Net gains/(losses) on financial instruments held at fair value through profit or loss
5. Net assets attributable to unitholders
6. Distributions to unitholders
7. Financial assets held at fair value through profit or loss
8. Segment information
9. Related party transactions
10. Contingent assets and liabilities and commitments
11. Events occurring after the reporting period

## **1. General information**

Aurora Absolute Return Fund ("the Trust") is an Australian registered managed investment scheme under the Corporations Act 2001. The Trust commenced operations on 4 July 2006 and was admitted to the Australian Stock Exchange ("ASX") on 10 July 2006. Aurora Funds Management Limited ("AFML"), the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The interim financial report of the Trust is for the six months ended 31 December 2014.

### **Statement of Compliance**

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with international Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014, together with the current product disclosure document and in accordance with the provisions of the governing documents of the Trust, and any public announcements made in respect of the Trust during the half year period in accordance with the continuous disclosure requirements of the *Corporation Act 2001*.

The interim financial report was authorised for issue by the directors of the Responsible Entity on 27 February 2015. The directors of the Responsible Entity have the power to amend and reissue the condensed financial statements.

### **Operation and principal Activities**

The principal activities of the Trust during the financial half-year were managing its investment strategy in accordance with the provision of the Trust Constitution and the product disclosure statement.

### **Registered office**

The registered office of the Trust is at:

Level 4  
1 Alfred Street  
Sydney NSW 2000

## **2. Significant accounting policies**

### **Basis of preparation**

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies applied by the Trust in the preparation of the interim financial report are consistent with those adopted and disclosed in the annual financial report as at and for the year ended 30 June 2014, except with the impact of the Standards and Interpretations described in this Note. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### *(i) New and amended standards*

The Trust has adopted all the new and revised Standards and interpretations issued by the Australian Accounting Standard Board (AASB) that are relevant to their operations and effective for the interim period:

#### **AASB 1031 'Materiality'**

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

## **2. Summary of significant accounting policies (continued)**

### *(i) New and amended standards (continued)*

*AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'*

This standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 'Financial Instruments: Presentation' and clarifies the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. As the T does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the financial statements.

*AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'*

This standard amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. As the Trust does not use hedge accounting, the application of the amendments does not have any material impact on the financial statements.

*AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'*

This standard provides an exemption from consolidation of subsidiaries under AASB 10 'Consolidated Financial Statements' for entities which meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in a particular subsidiaries at fair value through profit or loss in accordance with AASB 9 'Financial Instruments' or AASB 139 'Financial Instruments: Recognition and Measurement'. The application of the amendments does not have any material impact on the financial statements.

*AASB 2014-1 'Amendments to Australian Accounting Standards' [Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles]*

The Annual Improvements 2010-2012 Cycle includes a number of amendments to various AASBs. The key amendments relevant to the Trust include changes to AASB 13 – short-term receivables and payables and AASB 124 – key management personnel. The adoption of these amendments has not had a material impact on the Trust.

*AASB 2014-1 'Amendments to Australian Accounting Standards' [Part C – Materiality]*

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements" as this is still applicable and is not part of the Annual Improvements 2010-2012 Cycle.

### *(ii) Fair value measurement*

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 a liability reflects its non-performance risk.

The Trust measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is considered as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where there is no quoted price in an active market, the Trust uses valuation techniques that maximise the use of relevant and observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all factors that market participants would take into account in pricing a transaction.

### *(iii) Estimates*

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

### **3. Fair Value Measurement**

#### **(a) Fair Value estimation**

The carrying amounts of the Trust's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss is measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income.

##### *(i) Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

##### *(ii) Fair value in an inactive or unquoted market*

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such Trusts.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

#### **(b) Fair value hierarchy**

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

### 3. Fair Value Measurement (continued)

#### (b) Fair value hierarchy (continued)

The following table presents the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy as at 31 December 2014 and 30 June 2014.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>As at 31 December 2014</b>				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted unit trusts	-	28,679,041	-	28,679,041
<b>Total</b>	-	28,679,041	-	28,679,041

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>As at 30 June 2014</b>				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted unit trusts	-	23,156,788	-	23,156,788
<b>Total</b>	-	23,156,788	-	23,156,788

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include the over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. the Trust's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

### 4. Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Half-year ended	
	31 December 2014	31 December 2013
	\$	\$
<b>Financial assets</b>		
Net realised gain/(loss) on financial assets held at fair value through profit or loss	(1,522,601)	-
Net unrealised loss on financial assets held at fair value through profit or loss	(20,040)	(5,287)
<b>Total net losses on financial instruments held at fair value through profit or loss</b>	<b>(1,542,641)</b>	<b>(5,287)</b>

## 5. Net assets attributable to unitholders

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

	31 December 2014 Number of units	30 June 2014 Number of units	31 December 2014 \$	30 June 2014 \$
<b>Opening balance - excluding treasury units</b>	<b>23,739,563</b>	9,360,125		
Applications	6,321,319	16,424,432		
Redemptions	(641,574)	(2,174,619)		
Units issued upon reinvestment of distributions	77,063	129,625		
<b>Closing balance - excluding treasury units</b>	<b>29,496,371</b>	23,739,563		
<b>Opening balance - treasury units</b>	<b>1,136,121</b>	982,636		
Applications	514,627	2,153,579		
Redemptions	(6,175,146)	(16,200,094)		
Creation of treasury units	4,800,000	14,200,000		
Cancellation of treasury units	(275,602)	-		
<b>Closing balance - treasury units</b>	<b>-</b>	1,136,121		
<b>Opening balance - including treasury units</b>	<b>24,875,684</b>	10,342,761	<b>24,410,257</b>	9,885,206
Applications	6,835,946	18,578,011	6,515,132	17,487,661
Redemptions	(6,816,720)	(18,374,713)	(653,346)	(2,307,467)
Units issued upon reinvestment of distributions	77,063	129,625	78,969	137,532
Creation of treasury units	4,800,000	14,200,000	-	-
Cancellation of treasury units	(275,602)	-	-	-
Decrease in net assets attributable to unitholders	-	-	(1,558,191)	(792,674)
<b>Closing balance - including treasury units</b>	<b>29,496,371</b>	24,875,684	<b>28,792,821</b>	24,410,258

As stipulated within the Trust's Constitution, 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 attaching to it as all other units of Trust.

## 6. Distributions to unitholders

### Timing of distributions

The distributions for the half-year were as follows:

	Half-year ended			
	31 December 2014		31 December 2013	
	\$	CPU	\$	CPU
<b>Distributions paid and payable</b>				
September interim	448,950	1.54	206,264	1.59
December interim	451,294	1.53	251,254	1.59
<b>Total distributions</b>	<b>900,244</b>		<b>457,518</b>	

Distributions payable in the Condensed Statement of Financial Position includes distributions payable from prior periods.



## 7. Financial assets held at fair value through profit or loss

	As at 31 December 2014 \$	30 June 2014 \$
<b>Designated at fair value through profit or loss</b>		
Unlisted unit trusts	28,679,041	23,156,788
<b>Total financial assets held at fair value through profit or loss</b>	<b>28,679,041</b>	<b>23,156,788</b>

## 8. Segment information

The Trust is organised into one main business segment which operates solely in the business of investment management within Australia. While the Trust operates from Australia only (the geographical segment), the Trust may have asset exposures in different countries and across different industries.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

## 9. Related party transactions

### Responsible Entity

The Responsible Entity of Aurora Absolute Return Fund is Aurora Funds Management Limited.

### Other transactions within the Trust

During the previous financial year, the Trust transferred the unit registry functions to Registry Direct which is owned by one of the Responsible Entity, Steuart Roe. Fees paid to Registry Direct were directly paid by the Responsible Entity and not reimbursed by the Trust. The transactions between Registry Direct and the Responsible Entity are detailed below:

	31 December 2014 \$	31 December 2013 \$
Fees paid to Registry Direct by the Responsible Entity on behalf of ABW	16,707	15,715

Apart from those details disclosed in this note, no other key management personnel have entered into a material contract with the Trust during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

### Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Fund to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

## 9. Related party transactions (continued)

### Related party unit holdings

The Trust may purchase and sell units in itself as part of its Treasury Unit trading activities. Details of the Trust's investments in itself are set out below:

#### 31 December 2014

	No. units held Opening	No. units held Closing	Fair value of Investments (\$)	Interest held	No of units acquired	No. of units disposed	Distributions paid/payable by the Trust (\$)
Aurora Absolute Return Fund	1,136,121	-	-	0.00%	5,314,627	6,450,748	6,617

#### 31 December 2013

	No. units held Opening	No. units held Closing	Fair value of Investments (\$)	Interest held	No of units acquired	No. of units disposed	Distributions paid/payable by the Trust (\$)
Aurora Absolute Return Fund	982,636	749,660	794,415	4.74%	7,258,481	7,491,457	24,806

### Investments

The Fund held investments in the following schemes which are also managed by the Responsible Entity:

	As at 31 December 2014 \$	30 June 2014 \$
Aurora Fortitude Absolute Return Fund	28,679,041	23,156,788

## 10. Contingent assets, liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2014 (30 June 2014: Nil).

## 11. Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Trust disclosed in the Condensed Statement of Financial Position as at 31 December 2014 or on the results and cash flows of the Trust for the half-year ended on that date.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the condensed financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Trust's financial position as at 31 December 2014 and of its performance for the financial half-year 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 directors.



Simon Lindsay  
Managing Director  
27 February 2015

## Independent Auditor's Review Report to the Unitholders of Aurora Absolute Return Fund

We have reviewed the accompanying half-year financial report of Aurora Absolute Return Fund ("the Fund"), which comprises the condensed statement of financial position as at 31 December 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 7 to 19.

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

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

### *Auditor's Responsibility*

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

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

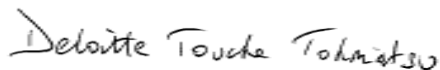
### *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

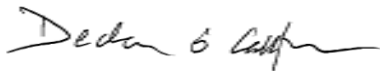
## *Conclusion*

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

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



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan  
Partner  
Chartered Accountants  
Sydney, 27 February 2015