Equity Trustees

Issue Date: 22 August 2018

APPENDIX 4E

EQT Holdings Limited ABN 22 607 797 615

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FULL YEAR ENDED 30 JUNE 2018

PERFORMANCE		30 JUNE 2018 $'000		30 JUNE 2017 $'000
Revenue from ordinary activities	88,456	Up 10.7%	From	79,928
Profit after tax from ordinary activities attributable to members	19,696	Up 27.6%	From	15,437
Net profit for the period attributable to members	19,696	Up 27.6%	From	15,437

DIVIDENDS	30 JUNE 2018 CENTS PER SHARE	30 JUNE 2017 CENTS PER SHARE
Interim Dividend (fully franked)	40	35
Final Dividend (fully franked)	42	36

KEY DATES	
Record date for determining entitlements to the final dividend	11 September 2018
Last date for the receipt of an election notice for participation in the DRP	12 September 2018
Payment date for final dividend	09 October 2018

The Directors have declared a fully franked final dividend of 42 cents per share. The Directors have also declared that the Dividend Reinvestment Plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average market price of EQT traded shares on the first five days of EQT share trading after Record Date. A nil discount will be applied.

The 2018 Annual General Meeting is to be held at 11.00am, Friday 19 October 2018 at the RACV City Club, 501 Bourke Street, Melbourne.

ASX ADDITIONAL INFORMATION

Additional information, current as at 30 June 2018, and not shown elsewhere in this report, follows:

NET TANGIBLE ASSET BACKING PER SHARE

NET TANGIBLE ASSET BACKING / PER SHARE[1]	30 JUNE 2018	30 JUNE 2017
Net tangible asset backing per share	2.00	1.73

[1]Based on shares on issue of 2018: 20,343,783 (2017: 20,124,887).

CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

YEAR ENDED 30 JUNE 2018

On 13 October 2017, the Group announced that it had acquired 60% of the ordinary equity of UK-based Treasury Capital Limited (now known as Equity Trustees (UK & Europe) Limited), and its subsidiary, Treasury Capital Fund Solutions Limited (TCFS). The acquisition settled on 2 November 2017 and has allowed the Group to expand the offerings of its Corporate Trustee Services business into the UK market.

On 25 October 2017, the Group announced that it had signed and agreed to acquire 100% of the shares of OneVue RE Services Limited. The acquisition resulted in a number of new responsible entity and trustee clients, with approximately $2.7b of funds under supervision. The acquisition was completed on 29 March 2018.

Further detail on both acquisitions is available in note 12 of the 30 June 2018 Financial Statements.

Other than as described above, there were no material entities where control was gained or lost during the period.

YEAR ENDED 30 JUNE 2017

There were no material entities where control was gained or lost during the period.

AUDIT

The Financial Statements for the year ended 30 June 2018 have been audited and an unqualified opinion has been issued by the auditors.

COMMENTARY

Additional Appendix 4E disclosure requirements can be found in the Annual Report, which contains the Directors' Report and the 30 June 2018 Financial Statements and accompanying notes.

For a comprehensive overview of the 2018 results, please refer to the separate ASX release covering the Announcement of Results and Shareholder Presentation.

Equity Trustees

Issue Date: 22 August 2018

FROM THE CHAIRMAN THE HON JEFFREY G KENNETT AC

A STRONG BALANCED YEAR

Equity Trustees has experienced an excellent year in all areas of the business in this, our 130th year. The company was founded on trust and this single characteristic remains at the heart of our purpose. Given the heightened focus on good governance in financial services, trust is more important today than ever.

Throughout the year, I have had the opportunity to meet with many of our clients, partners, shareholders, employees and recipients of our grants. I am pleased to say we are delivering to all our stakeholders and, importantly, getting the balance right between their various needs.

The result has been driven by three factors, the company's investment over the last two years in new technology, sytems and people, organic growth and strong contributions from targeted acquisitions and partnerships in core areas of our business.

In addition, Equity Trustees has invested in working closely with our regulators to ensure the highest level of governance.

During the year we took our first steps offshore and, as our company continued to grow into new and changing markets, it became clear that we needed to update our brand and presentation to ensure it was as contemporary as the company.

That's why we have introduced a new brand, designed to reflect the company as it is today while honouring the heritage that has made us strong. Our new brand is relevant and modern and positions Equity Trustees firmly in today's landscape.

CONTINUED IMPROVEMENT IN RESULTS AND DIVIDEND

The financial results of the company were very pleasing. Profit after tax was $19.7m, significantly up on the prior year result of $15.4m. The company has experienced strong profit growth over the past two years; 16% in the financial year to June 2017 and now 28% for the financial year ended June 2018. The result reflects organic revenue growth in all of our businesses, as well as disciplined expense control. The benefits of our key partnerships and acquisitions have also added to earnings.

A final dividend of 42 cents per share, fully franked, has been declared. This is 2 cents higher than the interim dividend of 40 cents per share. It results in a full year dividend of 82 cents per share, being a very healthy 11 cents up on the financial year 2017.

STEADFAST GOVERNANCE IN UNCERTAIN TIMES

I would like to recognise the achievements of the previous Chairman, Tony Killen OAM, who retired from the Board in October 2017 following 15 years of service, including 10 years as Chairman. Tony left the company in an excellent position to continue building the business strongly and his smooth handover assisted me in taking up the role as Chairman.

In the heightened risk environment in which financial services companies operate, strong and stable governance is essential, and I believe we have provided that. Your Board exhibits a diversity and breadth of experience that is so important in guiding this company.

Throughout the course of the year, we also accepted the retirement of John Crocker, who has chaired our superannuation subsidiary company admirably for 10 years. While it is difficult to replace John's 50 years of superannuation experience, we are delighted that Mr Tony Lally has joined that Board as Independent Chairman. Tony brings more than 30 years superannuation experience to the superannuation Board.

Our governance structure has held us in good stead. The Board Audit Committee has again been capably chaired by Kevin Eley; the Remuneration, Human Resources and Nominations Committee by Alice Williams; and the Equity Trustees Limited Compliance Committee by Anne O'Donnell. We transferred the Chairmanship of the Board Risk Committee from Kevin Eley to Jim Minto to ensure risk received as much focus as audit in this environment.

Throughout the year, we also established a Board Strategy Committee, which has been chaired by D Glenn Sedgwick. The purpose of this committee is to look over the horizon, challenge our current thinking and position Equity Trustees for the long term, and thus ensure the continuing success of this great 130-year-old company.

I would like to thank my fellow Directors and all of our dedicated staff for their diligence and contribution throughout an eventful and very successful year.

OUR IMPACT ON THE COMMUNITY

I was pleased to be a part of our first Reconciliation Action Plan (RAP), launched publicly this year, designed to bridge the gap of disadvantage for Aboriginal and Torres Strait Islander people. Equity Trustees serves many Aboriginal communities around Australia and directs considerable funds to Indigenous causes.

People are our greatest asset and the Board is committed to ensuring the welfare of Equity Trustees employees in all aspects of their life, including mental and physical well-being, through a wellbeing program. Looking after our clients begins with looking after our employees.

The reason Equity Trustees was established 130 years ago, when my great grandfather, Edward Fanning, was one of the founding Directors, remains as pertinent as ever today – to look after our clients for the long term, during their life and in many cases for years after. We have always been privileged to have the wonderful opportunity to serve our clients, provide returns to our shareholders, ensure the well-being of our employees and deliver lasting benefits to the community. I'm pleased to say we remain committed to keeping that balance right and delivering to all our stakeholders.

Issue Date: 22 August 2018

FROM THE MANAGING DIRECTOR, MICK O'BRIEN

EXCELLENT YEAR FOR THE COMPANY

Equity Trustees has experienced a great year of growth, against a backdrop of heightened risk for the whole financial services industry.

Our strategy to be Australia's leading specialist trustee company is proving successful. It's a vision that resonates with our clients and employees and enables us to partner with others to deliver our specialist services, while not overlapping with their businesses. In fact, the heightened risk environment makes our vision even more appealing.

It's particularly pleasing that we have delivered strong results while balancing the needs of our stakeholders. Over the year we have:

- Delivered significant growth in earnings for shareholders
- Improved our client satisfaction results
- Made great inroads with our employee engagement
- Delivered a significant contribution to the community through our philanthropic granting and trusted services

Equity Trustees has evolved over the past two years to adapt to changing markets and client expectations. Our brand needed to transform to properly reflect what it means to be a contemporary specialist trustee company and the new branding will position us ideally in new markets we are addressing.

STRONG FOCUS ON GROWTH

The business was very active with acquisitions and partnerships throughout the year:

- We acquired OneVue's Responsible Entity business, bringing 28 new funds clients and $2.7b of assets under our supervision. The business further enhances our position as the leading provider of Responsible Entity services in Australia.
- We made our first strategic move offshore with the acquisition of a majority stake in Treasury Capital Ltd. Treasury Capital provides Authorised Corporate Director services in the UK market (the equivalent of Responsible Entity services in Australia), as well as similar services for entities domiciled in Ireland.

The acquisition enables us to more broadly service our clients, and gives Equity Trustees the opportunity to provide increasingly global fund governance solutions. Treasury Capital was renamed Equity Trustees (UK and Europe) Ltd in August 2018.

We were appointed as the Superannuation Trustee to a major master trust, assuming responsibility for trustee services, while our client maintained responsibility for products and distribution.

This deal effectively doubled the size of our Superannuation business, which now sits at $6.7b of funds under supervision.

Sandhurst Trusts and Estates business in its first full year (acquired in March 2017) has been fully integrated and is performing strongly in line with our expectations.

The Chairman mentioned the launch of our first Reconciliation Action Plan and our whole company – the Board and executives are committed to bridge the gap of disadvantage for Aboriginal and Torres Strait Islander people.

We created a new role of General Manager, Charitable Trusts and Philanthropy to oversee more than $70m of funds we donated to charities and other not-for-profit providers during the year. Equity Trustees' Philanthropy business is the cornerstone of the legacy of our clients' business, and the new role will help build our Living Philanthropy business.

KEY MEASURES IMPROVING

We have introduced measures to track how we are serving our stakeholders and are pleased with the improvements being made:

- Our second client satisfaction survey showed our net promoter score holding at +12 and our net loyalty score increasing from +5 to +15. Further improved client services will be a focus for the year ahead.
- Employee engagement and enablement experienced a major uplift with a 16% increase in engagement and a 19% increase in enablement. We are determined to capitalise on this to provide even more comprehensive service and solutions to our clients.

WELL PLACED FOR THE FUTURE

The financial services industry is going through significant change and we believe Equity Trustees is ideally positioned to capitalise on those changes. In particular:

- Our active pursuit and single-minded focus on Trustee services, is seeing increased demand as the financial services industry increasingly requires the delivery of high quality, unconflicted fiduciary services.
- Our exposure to both the ageing demographic of our population and the mandated growth in superannuation and investment assets underpins the potential for strong growth.

Trustee and Wealth Services – Private Clients

Our focus for the future is to provide more tailored, responsive client service. We are investing in our technology platforms, targeted marketing and employee support.

Our approach of partnering with organisations in supporting their clients is in great demand. We will continue to build specialist resources for different market segments – the living philanthropist market, Indigenous communities and recipients of compensation awards.

Trustee and Wealth Services – Superannuation Trustee Services

Alongside the business doubling in size, there are many other funds and fund promoters considering our outsourced Trustee service. This market is on a considerable consolidation path with the industry and government calling for increasing trustee expertise and removal of conflicts of interest, which augurs well for this business.

Corporate Trustee Services

Equity Trustees has led the Responsible Entity market in Australia for many years and we believe the Australian funds management market will provide ongoing opportunities for years to come.

We are confident we can export our great success in Australia to other global centres for funds managers; the UK and Ireland are an excellent starting point.

As well as expanding offshore, we have plans to continue increasing our presence in the Corporate Trustee market.

AUSTRALIAN MARKET LEADERSHIP

Equity Trustees enjoys a unique position of trust. Whether we are servicing private or corporate clients, we are relied on to meet their needs expertly and professionally.

We will remain a leader in many areas and continue to strengthen our position in other areas. We will operate and expand in markets that offer strong growth prospects and have a need for our specialist services.

During the year, we worked hard to balance the needs of all our stakeholders – clients, shareholders, employees, partners and the community. On behalf of the management team, I would like to thank all our employees for their loyalty, commitment and living our core values and their care of our clients. I also thank our shareholders and Board for their support and finally, it has been a privilege to support our loyal clients and beneficiaries – this is what a trustee does.

2018 ANNUAL FINANCIAL REPORT

Equity Trustees

Issue Date: 22 August 2018
EQT Holdings Limited and Controlled Entities
ABN 22 607 797 615

AUDITOR

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria 3000

SHARE REGISTRY

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Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

REGISTERED OFFICE

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Telephone: (03) 8623 5000
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CORPORATE GOVERNANCE STATEMENT

Our Corporate Governance Statement is available on our website: eqt.com.au

CONTENTS

DIRECTORS' REPORT

FINANCIAL REPORT

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The Directors of EQT Holdings Limited (Equity Trustees, or the Company) present the annual financial report for EQT Holdings Limited and its subsidiaries (the Group) for the financial year ended 30 June 2018, and the independent auditors' report thereon.

BOARD OF DIRECTORS

The Directors of the Company during or since the end of the financial year are:

CURRENT BOARD MEMBERS

THE HON. JEFFREY G KENNETT AC

Hon. D.Bus. (Ballarat), Hon. LL.D. (Deakin)

Chairman, Independent Director

Appointed Director in September 2008, appointed as Chairman in October 2017.

Mr Kennett was an Officer in the Royal Australian Regiment, serving at home and overseas. He was a Member of the Victorian Parliament for 23 years, Leader of the Opposition 1982–1989 and 1991–1992; and was Premier of the State from 1992 to 1999. He was awarded the Companion of the Order of Australia in 2005.

He is currently Chairman of Open Windows Australia Proprietary Limited, Chairman of CT Management Group Pty Ltd and Chairman of Amtek Corporation Pty Ltd. He is also a Director of Seven West Media Ltd.

Mr Kennett is the Chairman of The Torch, a program assisting Aboriginal and Torres Strait Island men and women during incarceration, and after their release. Mr Kennett was the founder of beyondblue: the national depression, anxiety and suicide initiative and was Chairman from 2000 to 2017. Mr Kennett is Patron of The Royal District Nursing Service and Sovereign Hill Ballarat, and associated with many other community organisations.

He is currently President of the Hawthorn Football Club, where he previously served as President from 2005 to 2011.

Mr Kennett brings to the Board experience in good governance, leadership and a range of government and community involvements.

Listed company directorships held during the past three financial years:

- Seven West Media Limited (from June 2015 to the present)
- Primary Opinion Limited (now named Long Table Group) (April 2004 to November 2015)

ALICE JM WILLIAMS

B.Com., FCPA, FAICD, ASFA AIF, CFA

Independent Director

Appointed Director in September 2007.

Ms Williams is a Director of Victorian Funds Management Corporation, Cooper Energy, Defence Health, Tobacco Free Portfolios Limited and Djerriwarrh Investments Limited. She is also a Non-Executive Director of the Foreign Investment Review Board (FIRB) and Barristers Chambers Limited.

She was formerly a Director of Port of Melbourne Corporation, Guild Group, Air Services Australia, State Trustees Limited, Western Health, the Australian Accounting Standards Board, Telstra Sale Company and V/Line Passenger Corporation.

She previously held senior management positions in the financial services sector, including NM Rothschild and Sons (Australia) Limited and JP Morgan Australia.

Ms Williams is Chair of the Remuneration, Human Resources and Nominations Committee and a member of the Equity Trustees Limited Compliance Committee (a subsidiary committee).

Listed company directorships held during the past three financial years:

- Djerriwarrh Investments Limited (from May 2010 to the present)
- Cooper Energy Limited (from August 2013 to the present)

ANNE M O'DONNELL

B.A. (Bkg & Fin.), MBA, FAICD, SF Fin

Independent Director

Appointed Director in September 2010.

Ms O'Donnell has some 35 years' experience in the finance sector and is an experienced executive and non-executive director in the listed, not-for-profit and mutual sectors.

Ms O'Donnell is the Chair of Community CPS Australia Ltd (trading as Beyond Bank Australia) and a Director of Eastwoods Pty Ltd, the Motor Trades Association of Australia Superannuation Fund Pty Ltd and the Winston Churchill Memorial Trust. In addition, she is an external member of the UBS Global Asset Management (Australia) Ltd Compliance Committee, external Chair of the IP Australia Audit Committee, a member of each of the Investment, Audit & Risk Committees and the Nominations and Remuneration Committee of the Winston Churchill Memorial Trust, and an external member of the Nominations Committee of Goodwin Aged Care Services Ltd.

A former Managing Director of Australian Ethical Investment Ltd, Ms O'Donnell was also formerly a Director of the Financial Services Council, the Centre for Australian Ethical Research Pty Ltd, the ANZ Staff Superannuation Fund, the Grain Growers Association Ltd and the Australian Institute of Company Directors. Ms O'Donnell brings to the Board extensive knowledge of the wealth management industry.

Ms O'Donnell is a member of the Board Risk Committee, the Remuneration, Human Resources and Nominations Committee and Chair of the Equity Trustees Limited Compliance Committee (a subsidiary committee)

KEVIN J ELEY

C.A., F.FIN, FAICD

Independent Director

Appointed Director in November 2011.

Mr Eley is a Chartered Accountant with experience in management, finance and investment. He was Chief Executive Officer for 20 years of listed diversified investment company HGL Limited, where he remains as a non-executive director. Previously he worked in Australia and overseas for a major international accounting firm and in the corporate finance divisions of a local and international investment bank.

Mr Eley brings to the Board extensive experience in the areas of managing businesses, strategic development, finance and investment.

Mr Eley is Chair of the Board Audit Committee and is a member of the Board Risk Committee.

Listed company directorships held during the past three financial years:

- HGL Limited (from October 1985 to the present)
- Milton Corporation Limited (from November 2011 to the present)
- Pengana Capital Group Limited (from June 2017 to the present)
- PO Valley Energy Limited (from June 2012 to April 2016)
- Chair of Hunter Hall International Limited (From October 2015 to June 2017)

D GLENN SEDGWICK

B.Com., FAICD, FCA

Independent Director

Appointed Director in August 2016.

Mr Sedgwick has more than 30 years' experience as a consultant to listed and unlisted Australian, Chinese and other Asian enterprises across financial services and information technology. A former partner in Accenture (then Arthur Andersen & Co.), he was previously Managing Director of Accenture's Asia Pacific Insurance and Wealth Management business.

He has lived in China and the UK over the course of his career.

Mr Sedgwick is a former Chairman of both Australian Tourist Park Management Pty Ltd and Australian Life Insurance Group (ALI). He is a Director of Melbourne Symphony Orchestra, where he is also a member of its Foundation Committee. He is also a Councillor of Queen's College (University of Melbourne), Chair of its Finance and Risk Committee and Chair of the Queen's College Trust Corporation.

With strengths in financial reporting and risk management, Mr Sedgwick also brings to the Board extensive knowledge in strategy development.

Mr Sedgwick is a Chair of the Board Strategy Committee and a member of the Board Audit Committee.

JAMES (JIM) MINTO

GAICD, FCA

Independent Director

Appointed Director in March 2017.

Mr Minto held a diverse career in financial services, with a strong ongoing focus in the areas of risk management, technology, sustainability and regulation.

Mr Minto was CEO and Managing Director for TAL Limited (renamed from TOWER Australia) from 2006 to 2015 and for a number of TAL/TOWER companies over the previous 16 years, including 12 years as Managing Director of TOWER Trust NZ (previously Trustees Executors). Mr Minto was also Chairman of TAL's Australian superannuation trustee companies from 2003 to 2015.

Mr Minto was a Director of the Trustee Corporations Association of New Zealand for nine years to 1997, with the remaining three years serving as Chairman. He is a Director for Dai-ichi Life Asia Pacific in Singapore, a Director of the National Disability Insurance Agency and also Chairman of NZ Life Insurer Partners Life Limited.

Mr Minto is Chair of the Board Risk Committee and a member of the Board Audit Committee.

Listed company directorship held during the past three financial years:

- Australian Finance Group Ltd (April 2015 to June 2017)

MICHAEL J O'BRIEN

CFA, GAICD

Managing Director

Appointed Director in July 2014, Executive Director in April 2016 and Managing Director in July 2016.

Mr O'Brien was admitted as a Fellow of the Institute of Actuaries of Australia in 1989 and holds the Chartered Financial Analyst designation. He was formerly CEO and Director of Invesco Australia Limited, Director of Alliance Capital Management Australia and Chief Investment Officer of AXA Australia and New Zealand, where he was also a Director of AXA's Responsible Entities and Regulated Superannuation Entities.

With a career spanning more than 30 years in both retail and institutional markets, Mr O'Brien brings to the Board wealth management experience in superannuation, investment management, insurance and advice. He is a Director on a number of the Group's subsidiaries.

Mr O'Brien is a member of the Board Risk Committee and Board Strategy Committee.

Listed company directorship held during the past three financial years:

- Templeton Global Growth Fund Limited (from August 2014 to the present, with leave between May and September 2016)

FORMER BOARD MEMBERS

JA (TONY) KILLEN OAM

B.A., FAICD, FAIM

Former Chairman, Independent Director

Appointed Director in September 2002 and Chairman on 30 August 2007 until 27 October 2017.

Mr Killen is a former Group Managing Director and Chief Executive Officer of AXA Asia Pacific Holdings Ltd, having had a 36-year career with the National Mutual/AXA Group. He was Chair of Australia's largest not-for-profit health services provider – Sisters of Charity Health Service Ltd – Chair of Sisters of Charity Community Care Ltd and Non-executive Director of listed company IRESS Market Technology Ltd.

Listed company directorships held during the past three financial years to the date of retirement:

- Chair of Templeton Global Growth Fund Ltd (October 2012 to February 2017)

COMPANY SECRETARY

CARMEN O LUNDERSTEDT

B.Com., Grad.Cert.Fin.Plan., FGIA, FCIS

Ms Lunderstedt was appointed Company Secretary in January 2016. With a background in corporate governance, compliance and risk management, she is a Chartered Secretary with experience in administering unlisted and listed companies in multiple jurisdictions.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or member of the relevant Committee).

DIRECTORS	BOARD		REMUNERATION, HUMAN RESOURCES AND NOMINATIONS COMMITTEE		BOARD AUDIT COMMITTEE		BOARD RISK COMMITTEE		BOARD STRATEGY COMMITTEE	
CURRENT DIRECTORS	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
JG Kennett[1]	12	12	2	2	n/a	n/a	n/a	n/a	n/a	n/a
AJM Williams	12	11	4	3	n/a	n/a	n/a	n/a	n/a	n/a
AM O'Donnell[2]	12	11	4	3	1	1	2	1	n/a	n/a
KJ Eley[3]	12	12	n/a	n/a	4	4	6	6	n/a	n/a
DG Sedgwick[4]	12	11	n/a	n/a	4	4	4	4	2	2
JR Minto[5]	12	12	2	2	4	4	6	6	n/a	n/a
MJ O'Brien[6]	12	12	n/a	n/a	n/a	n/a	6	6	2	2
FORMER DIRECTORS	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
JA Killen	5	5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

A = Meetings eligible to attend B = Meetings attended n/a = Not applicable
[1] Mr Kennett was a member of the Remuneration, Human Resources and Nominations Committee until December 2017.
[2] Ms O'Donnell was a member of the Board Audit Committee until August 2017 and appointed as a member of the Board Risk Committee in December 2017.
[3] Mr Eley was Chair of the Board Risk Committee until December 2017.
[4] Mr Sedgwick was a member of the Board Risk Committee until December 2017 and was appointed as Chair of the Strategy Committee also at that time.
[5] Mr Minto was a member of the Remuneration, Human Resources and Nominations Committee until December 2017 and was appointed Chair of the Board Risk Committee also at that time.
[6] Mr O'Brien was appointed a member of the Strategy Committee in December 2017.

DIRECTORS' SHAREHOLDINGS

Interests in shares of the Company held by Directors as at the date of this report are as follows:

DIRECTOR	NUMBER OF SHARES[1]
JG Kennett	51,789
AJM Williams	7,681
AM O'Donnell	10,987
KJ Eley	115,585
DG Sedgwick	11,920
JR Minto	10,191
MJ O'Brien	23,118

[1] Fully paid ordinary shares of the Company.

EXECUTIVE LEADERSHIP TEAM

MICHAEL (MICK) O'BRIEN

CFA, GAICD

Managing Director

See profile in previous section.

PHILIP GENTRY

BSc, MBA, GAICD

Chief Financial Officer and Chief Operating Officer

Joined January 2016

Philip has more than 25 years' experience in leadership positions within financial services, property, agribusiness, international trade, commodities and logistics. His previous roles have included CFO at Grocon, Managing Director of Agrium Asia Pacific, CFO of AWB and a number of leadership positions at ANZ Bank.

SHARNI REDENBACH

BAppSc (Psych), GradDip (AppPsych)

General Manager, Human Resources

Joined August 2016

Sharni Redenbach has more than 16 years' experience in the financial services industry. After graduating from university, Sharni commenced her career with the Link Group. Prior to joining Equity Trustees, she led the HR function in Australia for Fiserv, a global FinTech company.

HARVEY KALMAN

BEc, GradDip (App Fin & Inv), GradDip (Acc), Advanced Management Program (Columbia)

Executive General Manager, Corporate Trustee Services

Joined January 2000

Harvey has more than 25 years' experience in the financial services sector and is charged with overall responsibility for the operational compliance of all Responsible Entity, Management Company, ACD and Corporate Trustee services. He previously held senior roles at ANZ and the Australian Society of Corporate Treasurers.

IAN WESTLEY
BAgrSc, DipFinServ

Executive General Manager, Trustee and Wealth Services

Joined May 2007

Ian Westley has more than 25 years' business development and sales experience in Australia and the United Kingdom, across a range of different industries. Ian is responsible for managing the Trustee and Wealth Services' private clients business. Ian holds a Bachelor of Agriculture Science degree from the University of Melbourne and a Diploma of Financial Services.

MARK BLAIR
BSc. Hons, FIA, FIAA

General Manager, Superannuation Portfolio Services

Joined January 2016

Mark has over 30 years' experience in the financial services industry in the UK and Australia, including advisory, strategy and business development roles. Mark leads the Trustee and Wealth Services superannuation business. Mark holds an honours degree in mathematics from Nottingham University and is a Fellow of the Institute of Actuaries in Australia and the UK.

CARMEN O LUNDERSTEDT
B.Com., Grad.Cert.Fin.Plan., FGIA, FCIS

See profile in previous section.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were:

- Trustee and responsible entity services
- Philanthropic services, including services for living donors and charitable trusts
- Compensation, community and personal trust services
- Estate planning, executorship and administration services
- Investment and wealth management services
- Investment administration and custody services
- Superannuation trustee and portfolio services

OPERATING AND FINANCIAL REVIEW OF THE GROUP

STRATEGY

Established in 1888, Equity Trustees aims to be Australia's leading independent specialist provider of Trustee services. The Group has acted in a trusted role for individuals, trusts and corporations for 130 years.

The Group has two business units under which we offer our services to both retail and corporate clients:

- Corporate Trustee Services (CTS) provides a range of global fiduciary services for managed investment funds on behalf of local and international fund managers and sponsors, as well as specialised Trustee services for corporates and structured multi-party transactions
- Trustee & Wealth Services (TWS) provides a range of Private Client, Philanthropic and Superannuation services including estate planning and management; charitable, compensation, community and personal trust services; wealth management and advice.

The Group's vision is to become Australia's leading independent, specialist trustee company, and a significant global player in fund governance services. The Group's strategy is underpinned by four key targets, known as the T4, summarised as follows:

T1
IMPROVING CLIENT SATISFACTION

T2
LIFTING EMPLOYEE ENGAGEMENT

T3
GROWING SHAREHOLDER VALUE

T4
DEEPENING COMMUNITY IMPACT

Pleasingly, the Group has achieved success in growing each of the T4 targets during the 2018 financial year.

TARGET	MEASURE	RESULT FOR THE YEAR ENDED 30 JUNE 2018
T1 – Improving Client Satisfaction	Net promoter score Net loyalty score	The Group has maintained its net promoter score of +12 and increased its net loyalty score from +5 to +15, when compared with the prior corresponding period.
T2 – Lifting Employee Engagement	Employee engagement Employee enablement	Engagement scores have increased by 16% and enablement scores have increased by 11% compared with the prior corresponding period. In particular, the Group's enablement scores exceed the industry norm.
T3 – Growing Shareholder Value	Earnings per share Growth in FUMAS	Refer to the *Group Financial Performance* section of this Directors' report. Pleasingly, all measures show strong growth compared with the prior corresponding period.
T4 – Deepening Community Impact	Value of granting supported	Granting activity supported by the Group during FY18 totalled $69.2m, up 3.3% when compared with the prior comparative period.

GROUP FINANCIAL PERFORMANCE

RESULTS AND DIVIDENDS

FINANCIAL SUMMARY	FY18 $'000	FY17 $'000	FY18 v FY17 $'000	FY18 v FY17 %
Revenue	**88,456**	79,928	8,528	10.7%
Total expenses	**59,725**	57,662	(2,063)	(3.6%)
Net Profit Before Tax (NPBT)	**28,731**	22,266	6,465	29.0%
Net Profit After Tax (NPAT)	**19,433**	15,437	3,996	25.9%
Loss attributable to non-controlling interest	**(263)**	-	-	-
NPAT attributable to equity holders of the Company	**19,696**	15,437	4,259	27.6%
NPBT margin	**32.5%**	27.9%		16.5%
NPAT margin (on NPAT attributable to equity holders of the Company)	**22.3%**	19.3%		15.5%
VALUE CREATION MEASURES				
Earnings Per Share (EPS) (cents)	**97.27**	77.00	20	26.3%
Dividends per share (cents) (paid and proposed)	**82**	71	11	15.5%
One year total shareholder return (TSR)	**22.1%**	12.04%		
Two year total shareholder return	**35.8%**	(6.33%)		
Return on equity using NPAT	**7.7%**	6.3%		21.6%

The above table describes the key financial performance and financial value creation metrics of the Group for the year ended 30 June 2018. Of particular significance is the improvement in Group net profit after tax, which is $19.70m, or 27.6% up on the prior comparative period. This translates to earnings per share for the year of 97.27 cents per share, an increase of 26.3% on FY17. A final dividend of 42 cents per share has been declared, bringing the total dividends for the year to 82 cents per share, 15.5% up on the prior period.

Total shareholder return on both a one and two year basis, calculated as at 30 June 2018, has been particularly strong and the Group's return on equity has improved by 21.6% to 7.7% as at 30 June 2018.

The factors influencing these results are described more fully in the following sections.

REVENUE

Revenue for the financial year ended 30 June 2018 was $88.46m, an increase of $8.53m, or 10.7% on the prior period. Key revenue highlights are:

- Revenue in the TWS business was up 11% to $59.69m reflecting a full 12 months contribution from the acquisition of Sandhurst Trustees and Estates; the appointment of the Group as trustee to the AON Master Trust; good organic growth across most product areas and reasonably positive equity markets;
- Continued revenue growth in the CTS business unit of $2.57m, or 10.3% up on the prior comparative period. The acquisition of the OneVue RE Services Limited responsible entity business on 29 March 2018 has partially contributed to revenue growth this financial year, and will provide a full year's contribution in the 2019 financial year.

The key drivers of revenue growth for Group activities are funds under management, advice, administration and supervision (FUMAS). FUMAS growth is influenced by existing client inflows and outflows, new client inflows and to varying extents the performance of relevant financial markets.

For further details of movements in these drivers, and business unit performance for the year, refer to the Business Unit Performance Summary section of this report.

EXPENSES

Total expenses in FY18 were $59.73m, up $2.06m, or 3.6% on the prior period. Key changes in expenses for the year include:

- People costs, including incentives, up $675k, or 1.8% on the prior comparative period
- Information technology expenses up $635k or 16.4% on the prior comparative period. This is in part driven by security enhancements to various platforms and upgrades to our cloud computing and storage facilities
- Increases to depreciation associated with the premises refurbishment at 575 Bourke Street, Melbourne, and management right amortisation associated with the acquisitions of the Sandhurst Estates and Trusts business, OneVue RE Services Limited and Treasury Capital Ltd
- Finance costs relating to borrowings up $299k, or 60% on the prior comparative period. This is in part due to higher funding costs and additional amounts drawn during the financial year
- Other administrative and general expenses up $830k, or 21.4% for the year. This includes the accelerated write-down of furniture and equipment arising from the premises refurbishment at 575 Bourke Street.

Acquisition costs for the year were $810k, compared with $250k in the prior year. There were no other significant non-operating expenses for FY18 (2017: $2,778k).

Following the significant operating model review undertaken in 2017, the Group has focused on top-line revenue growth while permitting only modest growth in expenses. New spend initiatives are carefully scrutinised, with great priority given to projects and initiatives that can demonstrate genuine value creation for the Group.

The operating model review itself has brought substantial benefits to the business in terms of staff productivity, but more importantly, it has built a greater emphasis on a service culture, and a corresponding improvement in customer satisfaction. Outcomes relating to the Group's key non-financial measures are described more fully in the Strategy section of this Directors' Report.

BUSINESS UNIT PERFORMANCE SUMMARY

CORPORATE TRUSTEE SERVICES

Key products and services include:

Australia

- Responsible Entity services for managed funds on behalf of local and international managers and sponsors.
- Corporate Trustee Services (CTS) for structured products and security and escrow arrangements.

United Kingdom and Ireland

- Authorised Corporate Director, Alternative Investment Fund Manager and UCITS Management Company services for funds on behalf of local and international managers and sponsors.

CTS PERFORMANCE AND KEY DRIVERS FINANCIAL PERFORMANCE		FY18 $'000	FY17 $'000	FY18 V FY17 $'000	FY18 V FY17 %
Revenue		**27,627**	25,057	2,570	10.3
Expenses		**15,171**	12,962	(2,209)	(17.0)
Business unit net profit before tax		**12,456**	12,095	361	3.0
Business unit profit margin (%)		**45.09**	48.27	-	(6.6)
GROWTH IN KEY DRIVERS					**%**
Funds under supervision (FUS) ($b)[1]		**71.1**	60.3	10.8	17.9
Funds Manager Clients[1]					
	No. Clients	**137**	110	27	24.5
	No. Funds	**296**	264	32	12.1

[1] Excludes UK operations.

The CTS result for the financial year reflects strong underlying growth in funds under supervision (FUS), driven by an increased number of clients, funds and fund flows, underpinned by supportive investment market performance over the last 12 months. Revenue is up $2.57m, or 10.3% on the prior comparative period. Expense growth has been higher than usual, at $2.21m up on the prior period and is driven by additional investments in people and systems, and the acquisition of 60% of Treasury Capital Ltd in the UK.

CTS revenue growth is predominantly driven by growth in FUS, which is affected by new client and fund growth, fund in and out flows, and to a lesser extent by global and domestic investment markets and prevailing foreign exchange rates. Pleasingly, the number of clients and new funds continues to steadily increase, as does the aggregate FUS managed by the business.

CTS also continues to build momentum in the corporate trust and structured finance market with new appointments during the year. The team provides services to 33 institutional clients and, while the Group's footprint in this market is a relatively small component of the broader CTS business, it is growing quite quickly from this base.

The acquisition of a 60% share in UK-based Treasury Capital Ltd (TCL) and its subsidiary, Treasury Capital Fund Solutions, is the first step in enabling the Group to position itself as a global provider of independent fund fiduciary services to fund managers. The opportunity to leverage the Group's domestic market position and existing relationships, and expand into other key funds jurisdictions is clear, with over USD $70t of funds in global funds management markets. Most other key fund services, such as custody and investment management, have globalised and the Group is eager to take an active role in the globalisation of fiduciary services in order to better service our clients.

The TCL business, now known as Equity Trustees (UK & Europe) Limited (EQTUK), was acquired on 2 November 2017 and, through its subsidiary Treasury Capital Fund Solutions, is a UK Financial Conduct Authority licensed Authorised Corporate Director (ACD) and UCITS Management Company. EQTUK currently supervises 8 funds worth approximately AU$260m, and the business remains minority owned by its executive managers, who are highly skilled and well regarded operators in the UK market. The Group's share of EQTUK's result for the year ended 30 June 2018 was a loss of $395k. EQTUK is expected to improve earnings in future years.

On 28 March the Group acquired the responsible entity operations of OneVue Holdings Limited, acquiring 100% of OneVue RE Services Limited (now known as EQT Responsible Entity Services Limited). The acquisition has resulted in a number of international and domestic fund managers becoming new clients of CTS and 28 new fund appointments, with total FUS of $2.7b as at 28 March 2018. The integration of this business is largely complete and, excluding transaction costs, the acquisition has been accretive to the Group since the date of acquisition.

The outlook for the CTS business remains optimistic, with continued growth in its Australian-based core fiduciary services. The business continues to create a very high level of client satisfaction, resulting in very few clients moving to alternative providers. The business is focused on creating additional value in its service offerings to its client base.

CTS corporate trust and securitisation services, while a smaller component of the overall business, continues to grow and the outlook in this space also remains encouraging.

The business's UK operations also continue to generate good momentum in the UK market and plans for responding to impacts of the imminent Brexit are well advanced.

More broadly, the business continues to leverage its market position to advocate for best-practice regulation for collective investment vehicles in Australia on behalf of its clients and fund investors alike.

TRUSTEE & WEALTH SERVICES

Key products and services include:

- Superannuation and portfolio services to superannuation funds and members
- Philanthropy services, including perpetual charitable trusts, living donors and investment management for not-for-profit organisations
- Wealth and asset management advice and services
- Estate Planning advice and the management of deceased estates
- Trustee administration and services including personal, compensation and community trusts.

TWS PERFORMANCE AND KEY DRIVERS	FY18 $'000	FY17 $'000	FY18 V FY17 $'000	FY18 V FY17 %
Revenue	**59,694**	53,780	5,914	11.0
Expenses	**43,245**	41,401	(1,844)	(4.5)
Business unit net profit before tax	**16,449**	12,379	4,070	32.9
Business unit profit margin (%)	**27.6**	23.0		20.0

GROWTH IN KEY DRIVERS	FY18 $B	FY17 $B	FY18 V FY17 $B	FY18 V FY17 %
Funds under management, advice, administration and supervision (FUMAS)	**15.1**	11.1	4.0	36.0
Superannuation	**6.7**	3.1	3.6	116.1
Philanthropy	**2.0**	1.9	0.1	5.3
Asset Management	**4.4**	4.4	-	-
Trusts & Estates	**1.3**	1.2	0.1	8.3
Wealth Advice	**0.7**	0.5	0.2	40.0

Equity Trustees is a leader in the provision of philanthropic, trust, estate, investment and superannuation trustee services. The TWS business unit contains the Group's foundational services and has been trusted by Australians to provide these services for 130 years.

The TWS business unit performed strongly for the year, with revenue of $59.69m, up $5.91m, or 11.0% on the prior comparative period. Revenue growth in the TWS business unit has been particularly pleasing during the current year, and is attributable to:

- The Group's appointment as Trustee to the AON Master Trust (AMT) in early November 2017, which effectively doubled the Group's superannuation FUS. The successful appointment to the AMT is a strong endorsement of the Group's business model, which allows managers and sponsors to focus on their areas of core value creation expertise to superannuation funds, while leveraging the Group's position as the leading independent trustee for superannuation funds, with deep expertise as a provider of fund governance services
- Strong performance in the TWS Estate Management business, with revenue significantly up on the prior comparative period. This result is in part underpinned by the FY17 acquisition of the Sandhurst Estates and Trusts businesses from Bendigo and Adelaide Bank, which, as previously described, has been accretive in FY18
- Similarly, there has been strong revenue growth in the TWS Trusts and Philanthropy businesses, which have also benefitted from the acquisition of the Sandhurst Estates and Trusts business in FY17
- Revenue growth has also been supported by generally favourable investment markets during FY18, with 50% to 60% of TWS business unit revenue exposed to Australian equity markets.

Expense growth was maintained at a more modest 4.5% uplift, and relates primarily to increased investment in people, particularly in business development, and also includes the full-year effect of those who joined the Group as part of the Sandhurst Estates and Trusts business acquisition.

TWS FUMAS increased by 36.0% to $15.1b compared to the prior comparative period. This increase is in part due to the appointment to the AMT, new clients in the Trusts and Philanthropy businesses, and the impact of favourable investment markets during FY18.

TWS FUMAS is approximately 50% to 60% exposed to Australian equity market movements. This exposure tracks the average daily S&P/ASX 200 Price Index, which was 5.5% higher through FY18 vs FY17. Based on the level of the S&P/ASX 200 at the end of June 2018, a 1% movement in the S&P/ASX 200 impacts annualised TWS revenue by approximately $300k to $360k.

The outlook for the whole of the TWS business remains positive, supported by the long-term structural dynamics of an ageing demographic, combined with government-mandated superannuation and an unprecedented intergenerational wealth transfer over the coming decades. These factors present ongoing substantial market opportunities for Equity Trustees.

With particular relevance to TWS, the operating model review undertaken in FY17 has provided the business with greater alignment of its operating structure, an increased focus on client engagement and satisfaction, and generally improved engagement and motivation within its staff. This is also expected to contribute positively to the outlook in future periods.

GROUP FINANCIAL POSITION
SUMMARY CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE	FY18 $'000	FY17 $'000
Assets		
Cash and cash equivalents	**60,651**	40,328
Trade receivables and accrued income	**23,553**	18,502
Goodwill and intangible assets	**213,147**	210,375
Other assets	**14,648**	22,905
Total Assets	**311,999**	292,110
Liabilities		
Trade payables and other current liabilities	**14,697**	10,133
Borrowings	**20,000**	15,000
Other non-current liabilities	**23,448**	21,729
Total Liabilities	**58,145**	46,862
Equity		
Issued capital	**238,633**	234,586
Reserves	**1,647**	897
Retained earnings	**14,102**	9,765
Total equity attributable to owners of the Company	**254,382**	245,248
Non-controlling interest	**(528)**	-
Total Equity	**253,854**	245,248

BALANCE SHEET ANALYSIS

- **Cash and cash equivalents –** refer to the *Cash Flow Analysis* section of this Directors' Report for analysis of key cash flow movements
- **Trade receivables and accrued income –** increased by $5.05m, or 27.3% on the prior period. There has been a slight increase in time to realisation for receivables during FY18; however, it is not uncommon for these amounts to vary from year to year, and this increase is not indicative of any identified recoverability issues within receivables
- **Goodwill and intangible assets –** made up of management rights, goodwill acquired and capitalised computer software. The management rights and goodwill associated with acquisitions of Treasury Capital Ltd and OneVue RE Services Limited contributed approximately $5.46m during FY18
- **Borrowings –** a $5.00m draw-down occurred during the year to facilitate the Group's acquisition of OneVue RE Services Limited
- **Issued Capital –** increased by $4.05m, during the year, due primarily to the active Dividend Reinvestment Plan (DRP).

CAPITAL MANAGEMENT

Equity Trustees overarching capital management objectives are as follows:

- The Group must have a clear and sustainable capital structure that reflects the size of the organisation and supports the Group's core strategic goals and objectives
- The Group seeks to maximise returns to shareholders over the medium term
- The capital structure should provide flexibility to comfortably meet regulatory capital requirements as well as flexibility to take advantage of future opportunities
- Capital must be managed in a prudent manner in line with the Group's risk appetite and to enable the Group to withstand adverse events.

Equity Trustees maintains a conservative balance sheet with low gearing. The Group continually reviews funding options to ensure it is optimising both the use and mix of its capital to achieve its capital management objectives.

In December 2015 shareholders approved the establishment of a new holding company, EQT Holdings Limited, to be the new parent and ASX listed entity by way of a Scheme of Arrangement. This has enabled improved regulatory capital efficiency through consolidation of licences, enhanced borrowing flexibility and more effective governance arrangements. Further improvements were made to the ownership structure of Group subsidiaries during FY17 to allow for more efficient allocation of capital between Group entities.

The Dividend Reinvestment Plan will continue to operate for the 2018 final dividend, with a nil discount. The 2018 final dividend will be fully franked and payable on 9 October 2018.

CASH FLOW

FOR YEAR ENDED 30 JUNE	FY18 $'000	FY17 $'000
Cash from operating activities		
Receipts from customers	**91,586**	84,711
Payment to suppliers and employees	**(59,843)**	(57,281)
Operating cash flow before income tax	**31,743**	27,430
Income tax paid	**(6,671)**	(4,951)
Net cash from operating activities after income tax	**25,072**	22,479
Dividends paid to members of the Company	**(11,599)**	(11,375)
Redemption/(investment) in liquid investments	**10,906**	(18,044)
Net payments for assets and acquisitions	**(9,723)**	(9,379)
Proceeds from borrowings	**5,000**	7,000
Interest received	**841**	756
Other cash flows	**(24)**	168
Net increase/(decrease) in cash and cash equivalents	**20,473**	(8,395)
Cash and cash equivalents at the beginning of the financial year	**40,328**	48,723
Exchange fluctuations on foreign cash balances	**(150)**	-
Cash and cash equivalents at the end of the financial year	**60,651**	40,328

CASH FLOW ANALYSIS

The Group's cash position has strengthened during the financial year, with pre-tax operating cash flows up $4.31m, or 15.7% on the prior comparative period. The improvement in operating cash flow generation is largely attributable to the improvement in earnings growth and Group operating margin, offset by a slight increase in debtor days to realisation.

Net cash flows from investing activities for the current and prior periods include the sale and purchase of liquid investments in the Mutual (Cash) Common Fund M1 (M1 Fund), which is a cash fund used by the Group to obtain a reasonable rate of return on a portion of the cash held for regulatory compliance purposes.

Other material cash flow items during the year were:

Inflows:

- $5.00m of additional borrowings, used to fund the Group's acquisitions of Equity Trustees (UK & Europe Limited), and EQT Responsible Entity Services Limited.

Outflows:

- $5.53m associated with acquisitions
- $3.84m associated with the completion of the 575 Bourke Street, Melbourne refurbishment
- $11.60m of dividend payments (net of DRP) to shareholders, up 2% on the prior comparative period.

DEBT

FOR YEAR ENDED 30 JUNE	FY18 $'000	FY17 $'000
Corporate debt	**20,000**	15,000
Corporate debt to equity ratio (%)	**7.9**	6.1

During the year the Group increased its $30m banking facility with ANZ Bank to $40m to provide additional capital flexibility, including the ability to fund small acquisitions. As at 30 June 2018, $20m of this facility was drawn. In late December 2017 the facility was renewed for a period of three years.

Financial covenants associated with the unsecured debt facility include minimum tangible net worth, leverage and interest cover. During FY18 the Group was in compliance with all of its debt covenants.

SHAREHOLDER RETURNS AND DIVIDENDS

SHAREHOLDER RETURNS FOR THE PERIOD	FY18	FY17	FY18 VS FY17 %
Earnings Per Share on NPAT (cents)	**97.27**	77.00	26.3
Annualised ROE on NPAT(%)	**7.7**	6.3	21.6
Dividends for the period			
Fully franked dividends paid/payable ($'000)	**16,655**	14,269	16.7
Fully franked dividends per ordinary share (cents)	**82**	71	15.5
Dividend payout ratio[1](%)	**84.3**	92.2	(8.7)

1 Dividend payout ratio is calculated using dividend(s) paid or resolved to be paid for the relevant period divided by Earnings Per Share.

In determining the FY18 final dividend, the Board has given due consideration to the improvement in financial performance of the Group, likely future capital needs and prospective trading performance. The Board has resolved to pay a fully franked final dividend of 42 cents per share, an increase of 2 cents per share on the interim dividend, bringing the total dividends for the year to 82 cents per share (2017: 71 cents per share).

Dividends

In respect of the financial year ended 30 June 2017:

- An interim dividend of 35 cents per share, fully franked, was paid to holders of fully paid ordinary shares on 31 March 2017.
- A final dividend of 36 cents per share, fully franked, was paid to holders of fully paid ordinary shares on 10 October 2017.

In respect of the financial year ended 30 June 2018:

- An interim dividend of 40 cents per share, fully franked, was paid to holders of fully paid ordinary shares on 29 March 2018.
- Subsequent to 30 June 2018, the Directors declared a final dividend of 42 cents per share, fully franked, paid to holders of fully paid ordinary shares on 9 October 2018.

BUSINESS RISKS

The Group's approach to risk management is outlined in the Group Risk Management Framework (RMF), which describes the overarching risk principles, policies and systems established to ensure that the Group manages its risks appropriately. The RMF is a key component of the Governance hierarchy, which also includes the Governance Management Framework (GMF) and the Compliance Management Framework (CMF) and is aligned with the Group's Risk Appetite Statement. The Group's RMF is summarised in the following diagram:

The RMF comprises the totality of the systems, processes, structures, policies and people involved in identifying, assessing, mitigating and monitoring risks. The RMF supports the Board and management in obtaining an appropriate view of the overall risk profile. The Group has a dedicated Enterprise Risk function, led by the Chief Risk Officer, which has day-to-day responsibility for the design, implementation and maintenance of the Group's RMF.

The RMF is underpinned by a "Three Lines of Defence" model that drives accountability and responsibility for governance, risk management and compliance. The Three Lines of Defence model comprises the Committees and Boards that govern the Group, First Line (Business Operations), Second Line (Enterprise Risk) and Third Line (Internal Audit).

Key risks faced by the Group are categorised with reference to the Group's risk management framework, as follows:

RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
STRATEGIC	There is a risk that the assumptions underlying the Group's strategic decisions are (or prove to be) incorrect or that the conditions underpinning those decisions may change. In addition, one or more of the Group's strategic initiatives may prove to be too difficult or costly to execute. Opportunities that are pursued may change the Group's risk profile and/or capital structure.	• Articulated Group strategy • Dedicated Group Strategy committee • Regular reviews of the Group's business model • Executive KPIs aligned to Group strategic objectives • Dedicated business development and referral channels • Review of the risk profile following new or changed strategic initiatives.
OPERATIONAL	Operational risks are a core component of doing business, arising from the day-to-day operational activities of the Group as well as projects and business change activities. A substantial operational risk event may give rise to losses, including financial losses, fines, penalties, personal injuries, reputational damage, loss of market share, theft of property, customer redress and litigation. Under our RMF, this category also includes insurance risk.	• Detailed policies and procedures • Defined roles and responsibilities for staff • Information security policy and Group privacy framework • Incident and breach management policy • Business continuity management policy and annual testing program • A Group controls-monitoring program, which includes quarterly attestations from external service providers, and targeted testing.
FINANCIAL	Financial risks encompass liquidity, foreign exchange, interest rate, credit and balance sheet management risks, which, if not managed well, could have a significant adverse impact on the Group. Financial risks also encompass the preparation of financial statements for the Group and the entities for which the Group acts as Responsible Entity or Trustee. Should the estimates and assumptions adopted in preparation of the financial statements be found to be incorrect, there could be an impact on the Group's performance, reputation and position.	• Forecasting and budgeting process • Oversight by Board Audit Committee • Annual business unit strategy and plan reviews • Regular cost control and improvement initiatives • Group capital management policy • Detailed financial policies and procedures • Independent audits by reputable accounting firms.
PEOPLE	The success of Equity Trustees relies on its ability to attract, motivate and retain people who have the necessary skills and experience to help achieve the Group's goals. The loss of key personnel could cause disruption to our operations in the short term. While our incentives program is designed to align key personnel interests with the Group's goals, there is no guarantee of their continued employment.	• Succession planning for key roles • Employee engagement monitoring and action plans • Occupational health and safety program • Remuneration benchmarking • Risk culture training and annual risk culture surveys • Clearly articulated corporate values.

RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
OUTSOURCING	Equity Trustees relies on a number of third party service providers for various fund administration, investment management, accounting, custody, market data, market indices, promoters and other distribution and operational needs. The failure of one or more of those service providers to fulfil its obligations could lead to operational and regulatory impacts to the Group. Equity Trustees actively manages its key third party service providers and vendor relationships.	• Outsourcing and vendor management framework • Monitoring of third party performance against service level agreements • Use of standardised contracts wherever possible • Partnering with reputable organisations • Thorough legal and due diligence processes.
INVESTMENT	Equity Trustees', and its clients' investment portfolios are subject to normal market risks, such as interest rates and equity market volatility. These risks can affect investment valuations and income volatility. Equity Trustees actively manages its', and its clients' investments and capital in line with our risk appetite and investment and capital management policies.	• Oversight by management and Board sub-committees • Detailed investment governance and selection frameworks • Regular monitoring of mandate limits and investment performance.
GOVERNANCE AND COMPLIANCE	Entities controlled by Equity Trustees hold a number of licences and operate in a highly regulated environment. If the entities that hold those licences fail to comply with the general obligations and conditions, this could impact the ability to operate key parts of the Company' business, which could potentially lead to a material adverse effect on either business or financial performance.	• Maintenance of a Group obligations register • Governance and compliance frameworks • A Group controls monitoring program, which includes quarterly attestations from external service providers, and targeted testing • Regular compliance reporting to management and Board sub-committees • Three lines of defence model.

OUTLOOK

The future growth of the superannuation industry together with favourable demographic trends in Australia over the next 10 to 20 years are expected to underpin a positive long-term outlook for both our CTS and TWS businesses.

Recent changes in the market are also presenting opportunities for growth in both the Group's core and emerging markets. Recent challenges to vertically integrated models within the financial services sector have resulted in the identification of a number of significant opportunities for the Group, which have the capacity to benefit both CTS and TWS in future years.

The Group continues to espouse to the market the benefits of its unique model as an independent fiduciary. Recent successes such as the AON appointment indicate that there is a growing awareness of the value Equity Trustees can bring to organisations in this regard.

It is expected that these trends will continue to provide opportunities for the Group in future years and, accordingly, the outlook for the Group remains positive.

ENVIRONMENTAL REGULATION

The activities of the consolidated entity are not subject to any particular environmental regulation by authorities in Australia or in other jurisdictions within which the Group operates.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

CHANGES IN THE STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the consolidated entity other than as previously described in this Directors' report.

FUTURE DEVELOPMENTS

Apart from matters disclosed elsewhere in this Directors' report, disclosure of information regarding likely developments in the operations of the Group in future financial years, and the expected results of those operations, is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Equity Trustees

FROM THE CHAIR REMUNERATION, HUMAN RESOURCES & NOMINATIONS COMMITTEE

Dear Shareholders,

Equity Trustees is pleased to present its Remuneration Report for the 2018 financial year (FY18), which sets out remuneration information for Key Management Personnel and Non-Executive Directors. This introductory section outlines the key developments for FY18 and planned changes for the 2019 financial year (FY19).

THE YEAR IN REVIEW

I am pleased to say that Equity Trustees' remuneration framework has strongly aligned executive remuneration with Company performance and shareholder interests in FY18. The Board believes our framework has produced the appropriate balance between fixed remuneration and variable remuneration – both short and long term. The rewards have balanced the needs of shareholders and employees and ensured an appropriate level of commercial incentives.

Throughout the course of the year, we made one change to the terms of our Long Term Incentive Plan ("LTI Plan"). To ensure that Treasury Capital Ltd (TCL) becomes the premier provider of fund operator services in both the UK and Ireland and contribute positively to our earnings, it was important to align the focus and effort of our Executive General Manager, Corporate Trustee Services, with our long-term targets for TCL. As such, 40% of the Executive's Long Term Incentive (LTI) for the 2017/18 series is measured against the Earnings before Interest and Tax (EBIT) of TCL over a three-year period. This will further align the Executive's reward with building shareholder value.

LONG-TERM INCENTIVE PLAN: THE YEAR AHEAD

During the year we commenced a comprehensive review of the LTI Plan to ensure it is fit-for-purpose in our unique business, and will motivate, reward and retain Executives for delivering strong company performance and increasing shareholder value over the long term. We also seek to ensure it is appropriate in the current environment. What was clear from the review is that as a specialist trustee company, no real comparator group exists, and therefore Relative Total Shareholder Return (TSR) is not a suitable performance measure or productive use of our remuneration spend. In addition, Relative TSR has not driven our decisions in leading the business. On the other hand, we have been very focused on Earnings Per Share (EPS) growth, an important measure of Company performance. The review also highlighted the need to have a consistent performance measure(s) and measurement period for the Managing Director and Executives, so that there is complete alignment between our Key Management Personnel.

As an interim solution in FY19 while we continue to explore the most effective Plan for Equity Trustees, the performance measure for the Managing Director will, subject to shareholder approval at this year's AGM, be based 100% on EPS growth, in line with the other Key Management Personnel and without re-testing provisions. This will also give us time to ensure any new LTI Plan is aligned with the latest trends and regulations in the Financial Services Industry.

We are committed to a remuneration framework that is aligned to the Company's strategy, is performance based and meets shareholder requirements, and look forward to sharing our LTI Plan for the 2020 financial year and beyond with you next year.

Yours faithfully,

Alice Williams
The Chair Remuneration, Human Resources
& Nominations committee

REMUNERATION REPORT

This report details the remuneration framework and outcomes for Key Management Personnel of Equity Trustees for the year ended 30 June 2018. It aims to communicate our remuneration practices and their link to the creation of shareholder value in a clear, concise and transparent way.

The information in this Remuneration Report has been audited in accordance with section 308(3C) of the *Corporations Act 2001*.

REMUNERATION OVERVIEW

KEY MANAGEMENT PERSONNEL

This report covers Equity Trustees' Key Management Personnel (KMP). KMP are the people who have authority and responsibility for the planning, directing and controlling of activities of the Company, and includes all Non-Executive Directors, the Managing Director and Executives:

NAME	POSITION	TERM AS KMP
NON-EXECUTIVE DIRECTORS		
JG Kennett	Chairman (from 24 October 2017)	Full year
AJM Williams	Independent Non-Executive Director	Full year
AM O'Donnell	Independent Non-Executive Director	Full year
KJ Eley	Independent Non-Executive Director	Full year
DG Sedgwick	Independent Non-Executive Director	Full year
JR Minto	Independent Non-Executive Director	Full year
FORMER NON-EXECUTIVE DIRECTORS		
JA (Tony) Killen	Chairman	Retired 27 October 2017
MANAGING DIRECTOR		
MJ O'Brien	Managing Director	Full year
EXECUTIVES		
MA Blair	General Manager, TWS Superannuation Portfolio Services	Full year
PD Gentry	Chief Financial Officer and Chief Operating Officer	Full year
HH Kalman	Executive General Manager, Corporate Trustee Services	Full year
SL Redenbach	General Manager, Human Resources	Full year
IC Westley	Executive General Manager, TWS Private Clients	Full year

SUMMARY – EXECUTIVE REMUNERATION

The following table discloses the Executives of the Company during the year, together with their remuneration entitlements. Unless otherwise stated, the Executives held their position for the whole of the financial year and since the end of the financial year.

Remuneration entitlements of the Executives during the year consist of a cash component as well as an accounting based accrual for such items as long-term employee benefits and share-based payments, and are shown in the following table:

	SHORT-TERM EMPLOYEE BENEFITS		POST EMPLOYMENT BENEFITS	TOTAL EMPLOYMENT COST (TEC)	SHORT-TERM BONUS/ INCENTIVE	LONG-TERM EMPLOYEE BENEFITS	SHARE BASED PAYMENTS[3]	TOTAL
EXECUTIVE[6]	SALARY $	NON-MONETARY[1] $	SUPERANNUATION[2] $	$	$	LONG SERVICE LEAVE $	$	$
MANAGING DIRECTOR								
MJ O'Brien								
2018	664,827	15,125	20,048	700,000	415,000	6,631	228,319	1,349,950
2017	579,259	10,125	30,616	620,000	250,000[4]	4,272	116,877	991,149
EXECUTIVES								
MA Blair, General Manager, TWS Superannuation Portfolio Services								
2018	276,952	-	23,048	300,000	130,000	2,436	35,451	467,887
2017	165,256[5]	-	28,077	193,333	60,000	1,006	n/a	254,339
PD Gentry, Chief Financial Officer and Chief Operating Officer								
2018	404,827	10,125	20,048	435,000	230,000	3,677	135,839	804,516
2017	369,036	10,125	19,616	398,776	135,000	1,889	71,583	607,249[7]
HH Kalman, Executive General Manager, Corporate Trustee Services								
2018	399,827	10,125	20,048	430,000	255,000	8,946	116,046	809,992
2017	390,259	10,125	19,616	420,000	195,000	15,815	123,093	753,908
SL Redenbach, General Manager, Human Resources								
2018	234,872	5,080	20,048	260,000	100,000	1,308	30,725	392,033
2017	146,923[5]	-	13,077	160,000	65,000	536	n/a	225,536
IC Westley, Executive General Manager, TWS Private Clients								
2018	349,952	-	20,048	370,000	195,000	8,798	65,587	639,385
2017	220,256[5]	-	13,077	233,333	60,000	11,682	n/a	305,015

[1]Non-monetary items include eligible salary sacrificed items and any FBT. This includes any sacrificed amounts into EQT shares in accordance with the EQT Salary Sacrifice Share Plan plus any sacrificed amounts into the EQT Workplace Volunteering and Giving Program.
[2]Superannuation includes the SGC and, in some cases, additional superannuation payments that have been sacrificed from salary.
[3]Share-based payments relate to the value of Awards. The value attributable to Awards is based on the accounting cost, using the fair value at grant date. For the EPS criterion, an assessment is made of the likely achievement of performance hurdles over the three-year measurement period and the accounting cost is adjusted accordingly. The EPS criterion for the 2015/2016 Series which ended on 30 June 2018 was not awarded, as the EPS performance criteria was not met. Where an Executive ceases employment during the year, there is a write-back of prior year EPS accounting costs, which can result in a negative figure in the current year. A negative figure can also occur where the accounting estimate of the proportion of an EPS award that will be earned is revised. For the TSR criteria, Accounting Standards require that the accounting cost be spread over the measurement period regardless of the extent of achievement of the performance criterion. 100% of the accounting cost is charged against Executive remuneration packages, even though the Executive may receive a lesser Award when measures are finalised. For TSR where a service criterion is not achieved, the related accounting cost is written back to profit or loss.
[4]At the 2017 AGM, approval was given by shareholders to issue 2,885 fully paid ordinary shares of the Company to the Managing Director as part of his Short Term Incentive Payment for the financial year ended 30 June 2017.
[5] MA Blair, SL Redenbach and IC Westley became KMP effective 1 November 2016, therefore a direct comparison cannot be made between 2017 and 2018.
[6] Remuneration disclosures for KMP who departed during the 2017 financial year are available in the Group's 2017 Annual Report.
[7] In the Group's 2017 Annual Report, the Total for PD Gentry was reported as $607,248 due to a rounding issue.
n/a Not applicable.

SUMMARY – NON-EXECUTIVE DIRECTORS REMUNERATION

Non-Executive Directors' fees are reviewed biannually by the Remuneration, Human Resources and Nominations Committee (the Remuneration Committee), having regard to analysis of the market and industry-based data and trends. Fees are set to attract and retain high-calibre Directors and to reflect the workload and contribution required, due to the scale and complexity of the Group.

There were no changes to Non-Executive Director fees in the 2017/18 reporting period. However, a Strategy Committee was established on 22 March 2018. The Committee is comprised of one Non-Executive Director, who receives $15,000 per annum as Chair, two Executive Directors, and consultants as required, who are paid for their time and expertise.

To ensure that independence and impartiality are maintained, Non-Executive Directors' remuneration consists of a fixed annual fee, with no element of performance-related pay. The following table discloses the Non-Executive Directors of EQT Holdings Limited during the year, together with their remuneration entitlements:

DIRECTORS	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM EMPLOYEE BENEFITS		SHARE-BASED PAYMENTS	TOTAL
NON-EXECUTIVE DIRECTORS	FEE/SALARY $	BONUS $	NON-MONETARY[1] $	SUPERANNUATION[2] $	DRA[3] $	$	$	$
JG Kennett, Chairman								
2018	152,412	-	5,050	14,959	-	-	-	172,421
2017	104,205	-	5,000	10,374	-	-	-	119,580
AJM Williams								
2018	107,500	-	5,000	10,688	-	-	-	123,188
2017	107,500	-	5,000	10,688	-	-	-	123,188
AM O'Donnell								
2018	108,782	-	5,000	10,809	-	-	-	124,591
2017	114,962	-	5,000	11,396	-	-	-	131,358
KJ Eley								
2018	111,987	-	5,000	11,114	-	-	-	128,101
2017	115,834	-	5,000	11,479	-	-	-	132,313
DG Sedgwick								
2018	98,431	-	-	25,000	-	-	-	123,431
2017	78,295	-	-	30,000	-	-	-	108,295
JR Minto								
2018	116,987	-	-	11,114	-	-	-	128,101
2017	40,000	-	-	3,800	-	-	-	43,800
JA (Tony) Killen, Former Chairman[4]								
2018	60,000	-	-	5,700	352	-	-	66,052
2017	180,000	-	-	17,100	1,031	-	-	198,131

[1]Non-monetary items include eligible salary-sacrificed items and any FBT. This includes any sacrificed amounts into EQT shares in accordance with the EQT Salary Sacrifice Share Plan plus any sacrificed amounts into the EQT Workplace Volunteering and Giving Program.
[2]Superannuation includes the SGC and, in some cases, additional superannuation payments that have been sacrificed from Directors' fees and entitlements.
[3]Directors' Retiring Allowance (DRA) represents the movement in the accrual for Directors' Retiring Allowance. At the 2005 AGM, shareholders approved an increase in the Directors' fees cap on the condition that the DRA scheme was grandfathered for existing Directors and closed to future Directors. The DRA for then participating Directors was frozen as at 31 December 2005 however, the frozen amounts are inflation adjusted annually for the movement in CPI. Upon retirement, Directors participating in the DRA scheme are paid their DRA balance. On retirement of Mr JA (Tony) Killen, there are no longer any participants in the DRA.
[4]Mr JA (Tony) Killen retired as a Director on 27 October 2017. Mr Killen received a cash payment of $58,749 in relation to his DRA in 2017/18. The amount included as remuneration in the above table for the current year corresponds to only the inflation adjustment up to the date of departure.

REMUNERATION FRAMEWORK

GOVERNANCE AND OBJECTIVES

The role of the Remuneration Committee is to assist the Board of Directors of the Group in fulfilling its responsibilities regarding human resources matters generally, including remuneration, and to seek and nominate qualified candidates for election or appointment to the Group's Board of Directors.

The Remuneration Committee acts on behalf of the Board and shareholders to provide non-executive oversight of the Company's remuneration and human resource policies and practices in the following areas:

Remuneration

- Reviews and recommends the Group's remuneration framework and polices to the Board to ensure effectiveness and compliance
- Oversees superannuation arrangements of all employees and equity based remuneration plans
- Ensures remuneration information meets public disclosure requirements.

Human Resources

- Oversees and reviews the Group's human resource strategy
- Oversees equal employment opportunity and diversity policies
- Oversees and reviews health and safety matters, as well as incidents and breaches of the Group's Code of Conduct
- Oversees and reviews the adequacy of the Group's training arrangements.

Nomination

- Reviews Board and Executive succession planning
- Establishes the process for recruiting a new Director and the appointment and re-election of Directors
- Ensures induction and continued professional development of Directors
- Develops and implements a process for evaluating the performance of the Board, its Committees, Directors and employees.

At the Remuneration Committee's invitation, the Managing Director and General Manager, Human Resources attend Committee meetings, except where matters associated with their own performance evaluation, development and remuneration are considered.

To assist in performing its duties and making recommendations to the Board, the Remuneration Committee seeks and considers advice from independent, external remuneration consultants on various remuneration-related matters, where appropriate. Aon were engaged in 2017/18 to conduct a review of the Group's *Executive Performance Share Plan 1999.* An interim change for the Long Term Incentive Plan (LTI Plan, as outlined in the Letter from the Chair of the Remuneration, HR and Nominations Committee) is proposed for FY19 while Equity Trustees continues to explore the most appropriate LTI Plan to retain Executives and deliver increased shareholder value over the long term.

REMUNERATION POLICY

Unless otherwise stated in this section, reference to remuneration includes remuneration for Executives and the Managing Director. The Board's policy on Executive remuneration is designed to attract and retain high-calibre staff and to reward Executives for achieving financial and other business goals which, in turn, increases shareholder value.

The Executive remuneration structure comprises fixed salary and short-term and long-term variable components. The table below illustrates the remuneration objectives and approach. Executive remuneration package components are reviewed and structured annually to focus individuals on, and to reward achievement of, specific measures and targets with both short-term and long-term horizons.

REMUNERATION OBJECTIVES

- Align with EQT Holdings Limited's performance
- Assess rewards against short- and long-term Company targets
- Ensure short- and long-term components of remuneration are 'at risk'
- Align rewards to building shareholder value over the long term
- Ensure appropriate focus on leadership, culture and compliance
- Attract and retain high-calibre Executives
- Be market competitive with rewards and remuneration

REMUNERATION COMPONENTS

Fixed Total Employment Costs (TEC)

- Based on employee's level of responsibility, experience, skills and performance. Includes:
  - Salary: fixed annual remuneration
  - Non-monetary: eligible salary sacrifice items and Fringe Benefits Tax (FBT), where applicable
  - Long-term employee benefits: long-service leave
  - Post-employment: Superannuation Guarantee Charge (SGC)

Short-Term Incentive (STI)

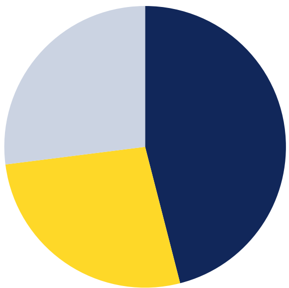
- Annual 'at risk' component based on Company, business unit and individual performance
- Maximum: The maximum opportunity for Executives is in the range of 40% to 60% of TEC
- Settlement: Normally paid as cash through the payroll system
- Remuneration Committee considers and recommends STI participation to the Board

Long-Term Incentive (LTI)

- Delivered in equity (shares) based on prescribed performance hurdles
- Range: 40% to 60% of TEC
- Remuneration Committee considers and recommends LTI participation to the Board
- Applied over three-year measurement period
- Aligned to long-term growth strategy

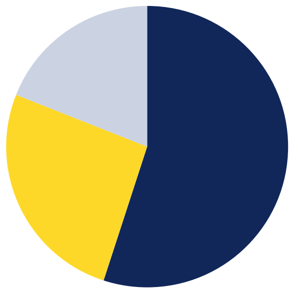
Executives continue to have a significant portion of their remuneration linked to performance and at risk. The diagrams below show the remuneration mix if maximum variable elements are achieved for the Managing Director and current Executives.

MANAGING DIRECTOR



Fixed (cash)	46%
STI (cash)	27%
LTI (equity)	27%

EXECUTIVES



Fixed (cash)	45–56%
STI (cash)	22–27%
LTI (equity)	22–27%

COMPANY PERFORMANCE AND REWARD

A core component of the Group's strategy is to generate sustainable profits and maximise value to shareholders over the long term. The following table summarises the key value creation measures relevant to shareholders for the year ended 30 June 2018, along with comparative information covering the previous four years:

	30 JUNE 2018 $'000	30 JUNE 2017 $'000	30 JUNE 2016 $'000	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Revenue	**88,456**	79,928	83,696	84,857	54,935
Net profit before tax (NPBT)	**28,731**	22,266	18,913	24,158	13,406
Net profit after tax (NPAT)	**19,696**	15,437	13,288	16,959	9,713
NPAT margin (%)	**22.3%**	19.3%	15.9%	20.0%	17.7%

	30 JUNE 2018 $	30 JUNE 2017 $	30 JUNE 2016 $	30 JUNE 2015 $	30 JUNE 2014 $
Share price at start of year	**17.71**	16.44	20.39	20.98	14.90
Share price at end of year	**20.80**	17.71	16.44	20.39	20.98

	30 JUNE 2018 cps	30 JUNE 2017 cps	30 JUNE 2016 cps	30 JUNE 2015 cps	30 JUNE 2014 cps
Interim dividend[1]	**40**	35.00	34.00	46.00	46.00
Final dividend (paid or payable)[1, 2]	**42**	36.00	34.00	48.00	48.00
Total dividends for the year[1]	**82**	71.00	68.00	94.00	94.00
Earnings per share	**97.27**	77.00	66.98	87.80	88.64

[1] All dividends are fully franked at the 30% corporate income tax rate.
[2] The final dividend was declared after balance date and is not reflected in the financial statements as at 30 June for each year.

The Group has experienced a significant increase across all of its key value creation measures during the 2018 year. The NPAT margin has increased by 14%, demonstrating the continued efforts of management to generate top line revenue growth, while maintaining a close focus on expense control. Dividends paid to shareholders are correspondingly up 15.5%, to 82 cents per share, compared with the prior period of 71 cents.

In terms of Total Shareholder Returns (TSR), the one-year and two-year TSR for the period ending 30 June 2018 are 22.1% and 35.8% respectively. These and other key non-financial measures, such as employee engagement and client satisfaction, are described more fully in the Operating and Financial Review section of the Directors' Report.

These measures, along with the significantly improved bottom-line performance of the Group, have been reflected in the Short-Term Incentives awarded to the Managing Director and Executives for the 2018 financial year. Approximately 99% (2017: 64%) of the maximum short-term incentive opportunity has been awarded to eligible Executives. Individual awards to Executives were in the range of 88% to 108% of maximum possible short-term incentives. The amounts awarded to individuals give consideration to a range of Group, Business Unit and personal measures, which are described in further detail below.

In relation to the long-term incentive measurement criteria, as described in the Executive Performance Share Plan section below, the awards related to the 2015/16 Series which ended on 30 June 2018, did not vest as the EPS criterion was not met.

EXECUTIVE REMUNERATION INCENTIVE PLANS

EXECUTIVE SHORT-TERM PERFORMANCE INCENTIVES

At the beginning of each financial year, the Board agrees the balanced scorecard goals for Equity Trustees and each Business Unit for the coming year. The scorecard is considered "balanced" because it includes a range of short-term financial and longer-term value measures. In FY18, these measures included Group and Business Unit (BU) profit before tax (PBT), expense control, employee engagement, service delivery (internal), leadership and compliance. The weightings varied according to the specific responsibilities of the Executives.

MEASURE	MANAGING DIRECTOR FY18 KPI'S % WEIGHTING	REVENUE BU FY18 KPI'S % WEIGHTING	SUPPORT BU FY18 KPI'S % WEIGHTING
All			
Group PBT[1]	50	30	30–50
Business Unit			
BU PBT	-	40	-
Expenses vs budget	-	-	10–30
Staff engagement	10	10	10
Service delivery (internal)	-	-	10–30
Personal			
Leadership	10	10	10
Compliance[2]	-	10	10
Mergers and acquisitions and partnerships	10	-	-
Strategy development and Implementation	10	-	-
Board support	5	-	-
Projects	5	-	-
	100	**100**	**100**

[1] An acceptable result for profit before tax (allowing for all non-operating expenses) is a gate to eligibility for a short-term performance incentive.
[2] An acceptable standard of compliance is a gate to eligibility for a short-term performance incentive.

These performance criteria were chosen to provide a suitable incentive for Executive performance for the benefit of shareholders and other stakeholders. Each criterion is given a threshold eligibility target for the minimum incentive and a stretch threshold representing an excellent achievement, for which the maximum incentive is paid. In all cases, the Remuneration Committee confirms the appropriateness of the criteria and thresholds and, at the conclusion of the measurement period, the level of achievement. Short-term incentives are normally paid in cash through the payroll system.

At the end of the performance period, short-term incentive targets were assessed by the Board in respect of the Managing Director and the Managing Director assessed the performance of the Executives. The Remuneration Committee and the Board considered and approved these incentives. The outcome of each assessment is set out below:

EXECUTIVES	2018 TEC $	2018 STI OPPORTUNITY $	2018 STI AWARDED $	PERCENTAGE OF OPPORTUNITY AWARDED[1] %
MJ O'Brien	700,000	420,000	415,000	99
MA Blair	300,000	120,000	130,000	108
PD Gentry	435,000	217,500	230,000	106
HH Kalman	430,000	258,000	255,000	99
SL Redenbach	260,000	104,000	100,000	96
IC Westley	370,000	222,000	195,000	88

[1]The Board has discretion to pay more than 100% for exceptional performance.

EXECUTIVE LONG-TERM PERFORMANCE INCENTIVES

Long-term incentives (LTI) provide Executives with remuneration delivered in equity if conditions are met over a three-year period. LTI awards are granted annually, which provides ongoing benefits to Executives for increasing shareholder value and is a retention mechanism. The LTI awards (Awards) confer the right to acquire shares at no cost, subject to meeting prescribed performance hurdles. The accounting cost of long-term performance incentives is spread over the measurement (vesting) period. The first issue of Awards commenced with the 2005/06 Series and has continued in each subsequent year. The structure of the Plan, approved by the Remuneration Committee, forms part of the remuneration structure of eligible Executives, in particular the long-term incentive component of remuneration.

The following is an overview of the key features of the Plan as determined by the Remuneration Committee and approved by the Board. As mentioned in the Letter from the Chair of the Remuneration, HR and Nominations Committee, in FY19 the performance measure for all Executives, including the Managing Director, will be EPS growth. Equity Trustees will continue to explore the most appropriate Plan to retain Executives and deliver increased shareholder value, with a new Plan being implemented from FY20.

KEY TERMS AND CONDITIONS (FY18)

- The value of the Award is determined by the Remuneration Committee
- The number of share entitlements issued to each participant for a particular Series is calculated by dividing the value of the Award by the volume weighted average price of EQT Holdings shares (EQT) traded during the three-month period to 30 June of each year
- The performance criteria are based on:
  - EPS growth for all participants, including the Managing Director
  - TSR for the Managing Director only
  - The Award for the Managing Director is weighted 50% to TSR and 50% to EPS
  - The criteria are selected as they are aligned to long-term growth in shareholder value.

EPS TERMS

Series 2015/16, 2016/17 and 2017/18

- EPS for Series 2015/16, 2016/17 and 2017/18 is the reported EPS as per the Group financial statements for the year immediately before the start of the Series (i.e. 30 June 2015, 2016 and 2017 respectively)
- The vesting scale for EPS Awards for Series 2015/16, 2016/17 and 2017/18 was:
  - Growth in reported EPS of 5% p.a. over the three-year measurement period achieves 25% of the available Award
  - Growth in reported EPS of 15% p.a. over the three-year measurement period achieves 100% of the available Award
  - Vesting for EPS growth (for all active Series) greater than 5% and less than 15% p.a. over the three-year measurement period is determined via interpolation.

TSR TERMS (MANAGING DIRECTOR)

Series 2016/17 and 2017/18

- The term of each Award series is a three-year period, with additional performance assessments during the fourth year, if applicable, for TSR criterion Awards.
- The vesting scale for TSR for Series 2016/17 and 2017/18 was:
  - 50% vesting when 50th percentile is achieved
  - 100% vesting when 75th percentile is achieved
  - Pro rata vesting between 50th and 75th percentiles. If there is no TSR criterion Award achieved after the initial three-year period, a fourth-year measurement period is undertaken. If there is a partial achievement of a TSR criterion Award after the initial three-year period, there is no fourth-year assessment.

EBIT TERMS (EXECUTIVE GENERAL MANAGER, CORPORATE TRUSTEE SERVICES)

Series 2017/18

- EBIT for Series 2017/18 is the calculated EBIT of the Group's UK operations as at 30 June 2020, compared with the long-term forecasts as determined at the time of acquisition of the Group's UK operations.
- The vesting scale for EBIT Awards for Series 2017/18 was:
  - 60% of forecast EBIT as at 30 June 2020 achieves 50% of the available award
  - 90% or greater of the forecast EBIT as at 30 June 2020 achieves 100% of the available award
  - Vesting for EBIT greater than 60% of forecast and less than 90% of forecast is determined via interpolation. There is no fourth-year performance assessment, regardless of the outcome after the initial three-year period.

OTHER TERMS AND CONDITIONS

- Each share entitlement converts to one ordinary share of EQT on exercise
- No amounts are paid or payable by participants on receipt of the share entitlements
- The share entitlements carry neither rights to dividends nor voting rights
- The number of share entitlements on issue is adjusted for any capital reconstructions during the measurement period
- Holders of share entitlements do not have a right, by virtue of the entitlements held, to participate in any new share issue of the Company
- The participant should be employed within the Group for the duration of the measurement period to exercise any share entitlements

- Shares are subject to forfeiture conditions during the three-year measurement period
- Shares can be assigned disposal restrictions at the instigation of the recipient of up to 12 years which will apply to shares issued following the three-year measurement period
- Dividends are received by participants once Awards are vested into shares
- The use of hedging or derivative techniques is not permitted until shares are released from the forfeiture condition. If hedging or derivative techniques are used during the period when there is still a forfeiture condition in place, then the shares are forfeited
- The Group Securities Dealing Policy also makes reference to the prohibition on hedging or derivative techniques and applies to all Group employees.

In accordance with the Plan, variations to the above features may apply where approved by the Board.

The following unvested share-based payment arrangements under the LTI were in existence during the period:

AWARD SERIES	NUMBER AT 30 JUNE 2018	GRANT DATE	EXPIRY DATE	EXERCISE PRICE $	FAIR VALUE AT GRANT DATE $	TOTAL MAXIMUM FUTURE ACCOUNTING VALUE OF GRANT[1] $
2017/18 Series TSR (MD only)	**12,117**	27/10/17	30/06/20	Nil	11.31	137,043
2017/18 Series EPS (MD only)	**12,118**	27/10/17	30/06/20	Nil	16.28	197,281
2017/18 Series EPS (Executives)	**47,217**	7/09/17	30/06/20	Nil	15.36	725,253
2017/18 Series EBIT (EGM CTS only)	**5,955**	7/09/17	30/06/20	Nil	15.36	91,468
2016/17 Series TSR (MD only)	**12,644**	28/10/16	30/06/19	Nil	11.88	150,217
2016/17 Series EPS (MD only)	**12,644**	28/10/16	30/06/19	Nil	15.85	200,407
2016/17 Series EPS (Executives)	**30,897**	16/09/16	30/06/19	Nil	15.60	481,993
2015/16 Series EPS (Executives)	**10,492**	27/08/15	30/06/18	Nil	19.45	204,069
Total	**144,084**					2,187,731

[1] The minimum future accounting value of each Grant series is nil.

The following is a summary of movements in Awards in respect of Executives:

2018	BALANCE OF AWARDS AT 1 JULY 2017	AWARDS GRANTED AS COMPENS-ATION	AWARDS EXERCISED INTO SHARES	AWARDS FORFEITED[1]	BALANCE OF AWARDS AT 30 JUNE 2018	AWARDS VESTED & EXERCISABLE (EXCLUDING THOSE ALREADY EXERCISED)	BALANCE OF AWARDS NOT VESTED AT 30 JUNE 2018[2]	VESTED DURING 2018 YEAR
	NO.	NO.	NO.	NO.	NO.	NO.	NO.	NO.
MJ O'Brien	25,288	24,235	-	-	**49,523**	-	49,523	-
MA Blair	-	6,924	-	-	**6,924**	-	6,924	-
PD Gentry	13,766	12,550	-	-	**26,316**		26,316	-
HH Kalman	27,623	14,887	-	(10,492)	**32,018**	-	32.018	-
SL Redenbach	-	6,001	-	-	**6,001**	-	6,001	-
IC Westley	-	12,810	-	-	**12,810**	-	12,810	-

[1] The value of Awards forfeited for Executives during the year ended 30 June 2018 was $204,069 for the 2015/16 Series.
[2] The balance of Awards not vested at 30 June 2018 does not necessarily represent Awards that will be vested in the future. The balance will remain until the respective measurement periods have been completed and a final assessment is made.

2017	BALANCE OF AWARDS AT 1 JULY 2016	AWARDS GRANTED AS COMPENS-ATION	AWARDS EXERCISED INTO SHARES	AWARDS FORFEITED[1]	BALANCE OF AWARDS AT 30 JUNE 2017	AWARDS VESTED & EXERCISABLE (EXCLUDING THOSE ALREADY EXERCISED)	BALANCE OF AWARDS NOT VESTED AT 30 JUNE 2017[2]	VESTED DURING 2017 YEAR
EXECUTIVES	NO.	NO.	NO.	NO.	NO.	NO.	NO.	NO.
MJ O'Brien	-	25,288	-	-	25,288	-	25,288	-
MA Blair	-	-	-	-	-	-	-	-
PD Gentry	-	13,766	-	-	13,766	-	13,766	-
HH Kalman	19,541	17,131	(1,548)	(7,501)	27,623	-	27,623	-
SL Redenbach	-	-	-	-	-	-	-	-
IC Westley	-	-	-	-	-	-	-	-

[1]The value of Awards forfeited for Executives during the year ended 30 June 2017 was $359,936 for the 2014/15 Series, $557,593 for the 2015/16 Series and $679,567 for the 2016/17 Series. The above table does not include amounts forfeited by former Executives of the Group. These amounts are disclosed in the Group's 2017 Annual Report.
[2] The balance of Awards not vested at 30 June 2017 does not necessarily represent Awards that will be vested in the future. The balance will remain until the respective measurement periods have been completed and a final assessment is made.

EMPLOYMENT AGREEMENTS

The employment agreements for the Managing Director and Executives are ongoing, permanent, full-time agreements that do not have a stipulated fixed term.

The designated notice period for the Managing Director is six months. For the Executives, the designated notice period ranges between four weeks and six months.

REMUNERATION TABLES

DIRECTOR AND EXECUTIVE EQUITY HOLDINGS

Director and Executive relevant interests in fully paid ordinary shares of EQT Holdings Limited for the financial year are as follows:

	BALANCE AT 1 JULY 2017	RECEIVED ON EXERCISE OF SHARE RIGHT	NET OTHER CHANGE	BALANCE AT 30 JUNE 2018
DIRECTORS	**NO**	**NO.**	**NO.**	**NO.**
JG Kennett	47,999	-	3,730	51,729
AJM Williams	7,139	-	482	7,621
AM O'Donnell	10,248	-	679	10,927
KJ Eley	115,263	-	261	115,524
DG Sedgwick	10,000	-	1,920	11,920
JR Minto	10,000	-	191	10,191
MJ O'Brien	11,000	-	12,118	23,118
FORMER DIRECTORS				
JA (Tony) Killen[1]	50,506	-	(50,506)	-
EXECUTIVES				
MA Blair	1,056	-	-	1,056
PD Gentry	1,060	-	1,061	2,121
HH Kalman	26,647	-	-	26,647
SL Redenbach	-	-	139	139
IC Westley	1,290	-	-	1,290

[1]As at date of retirement 27 October 2017.

There were no shares granted during the 2018 financial year as compensation, other than as disclosed in footnote 4 of the Summary – Executive Remuneration table on page 27 of this report.

	BALANCE AT 1 JULY 2016	RECEIVED ON EXERCISE OF SHARE RIGHT	NET OTHER CHANGE	BALANCE AT 30 JUNE 2017
DIRECTORS	**NO.**	**NO.**	**NO.**	**NO.**
JG Kennett	45,406	-	2,593	47,999
AJM Williams	4,490	-	2,649	7,139
AM O'Donnell	9,569	-	679	10,248
KJ Eley	112,813	-	2,450	115,263
DG Sedgwick	-	-	10,000	10,000
JR Minto	-	-	10,000	10,000
MJ O'Brien	11,000	-	-	11,000
JA (Tony) Killen	50,506	-	-	50,506
EXECUTIVES				
MA Blair	1,000	-	56	1,056
PD Gentry	1,019	-	41	1,060
HH Kalman	38,957	1,548	(13,858)	26,647
SL Redenbach	-	-	-	-
IC Westley	1,234	-	56	1,290

ADDITIONAL INFORMATION
INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors, Company Secretaries and Officers of the Group against a liability incurred as a Director, Company Secretary or Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the coverage and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify a Director, a Company Secretary, an Officer or Auditor of the Company or of any related body corporate against a liability incurred as such a Director, Company Secretary, Officer or Auditor.

ROUNDING-OFF OF AMOUNTS

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016 and, in accordance with the Corporations Instrument, amounts in the Directors' Report and the Financial Statements, are rounded off to the nearest thousand dollars unless otherwise indicated.

NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 32 to the Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 40 of the Financial Report.

On behalf of the Directors

The Hon. Jeffrey G Kennett AC
Chairman
Dated 22 August 2018

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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22 August 2018

The Board of Directors
EQT Holdings Limited
Level 1, 575 Bourke Street
MELBOURNE VIC 3000

Dear Board Members

EQT Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of EQT Holdings Limited.

As lead audit partner for the audit of the financial statements of EQT Holdings Limited for the financial year ended 30 June 2018, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M Stretton

Mark Stretton
Partner
Chartered Accountants

DIRECTORS' DECLARATION

EQT Holdings Limited
ABN 22 607 797 615

DIRECTORS' DECLARATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The Directors declare that:

a) 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
b) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in the statement of compliance to the financial statements
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 the Company and the Group
d) The Directors have received from the Managing Director and the Chief Financial Officer the declarations required by section 295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.
In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* applies, as detailed in note 31 to the financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

The Hon. Jeffrey G Kennett AC
Chairman
Dated 22 August 2018

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTE	2018 $'000	2017 $'000
Revenue	1	**88,456**	79,928
Expenses	2	**(55,152)**	(53,857)
Finance costs		**(801)**	(502)
Depreciation and amortisation	7, 9	**(3,772)**	(3,303)
Profit before income tax expense		**28,731**	22,266
Income tax expense	4	**(9,298)**	(6,829)
Profit for the year		**19,433**	15,437
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange translation differences for foreign operations		**111**	-
Total comprehensive income for the year		**19,544**	15,437
Profit for the year attributable to:			
Equity holders of the Company		**19,696**	15,437
Non-controlling interests		**(263)**	-
Profit for the year		**19,433**	15,437
Total comprehensive income attributable to:			
Equity holders of the Company		**19,810**	15,437
Non-controlling interests		**(266)**	-
Total comprehensive income for the year		**19,544**	15,437
Earnings per share			
Basic (cents per share)	5	**97.27**	77.00
Diluted (cents per share)	5	**96.89**	76.90

The above statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	17	**60,651**	40,328
Trade and other receivables	18	**13,450**	11,119
Prepayments		**1,129**	1,322
Accrued income		**8,866**	5,506
Other financial assets	19	**7,138**	18,044
Total current assets		**91,234**	76,319
Non-current assets			
Trade and other receivables	18	**108**	555
Furniture, equipment and leasehold	9	**7,510**	4,861
Intangible assets	7	**85,586**	84,632
Goodwill	8	**127,561**	125,743
Total non-current assets		**220,765**	215,791
Total assets		**311,999**	292,110
Current liabilities			
Trade and other payables	20	**1,399**	2,511
Provisions	10	**8,062**	5,824
Other current liabilities	11	**782**	445
Current tax payable	4	**4,454**	1,353
Total current liabilities		**14,697**	10,133
Non-current liabilities			
Provisions	10	**2,384**	2,278
Borrowings	13	**20,000**	15,000
Other non-current liabilities	11	**2,542**	374
Deferred tax liabilities	4	**18,522**	19,077
Total non-current liabilities		**43,448**	36,729
Total liabilities		**58,145**	46,862
Net assets		**253,854**	245,248
Equity			
Issued capital	14	**238,633**	234,586
Reserves	15	**1,647**	897
Retained earnings		**14,102**	9,765
Equity attributable to owners of the Company		**254,382**	245,248
Non-controlling interest		**(528)**	-
Total equity		**253,854**	245,248

The above statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	FULLY PAID ORDINARY SHARES $'000	RETAINED EARNINGS $'000	OTHER RESERVES $'000	CURRENCY TRANSLATION $'000	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
Balance at 1 July 2016	231,780	8,142	832	-	240,754	-	240,754
Profit for the year	-	15,437	-	-	15,437	-	15,437
Total comprehensive income for the year	-	15,437	-	-	15,437	-	15,437
Shares issued under employee salary sacrifice share plan	40	-	-	-	40	-	40
Shares issued under dividend reinvestment plan	2,438	-	-	-	2,438	-	2,438
Shares issued under employee share acquisition plan	207	-	(207)	-	-	-	-
Shares issued under executive share scheme	135	-	(135)	-	-		-
Share issue costs	(20)	-	-	-	(20)	-	(20)
Related income tax	6	-	-	-	6	-	6
Provision for executive share entitlements	-	-	300	-	300	-	300
Provision for employee share acquisition plan	-	-	107	-	107	-	107
Payment of dividends	-	(13,814)	-	-	(13,814)	-	(13,814)
Balance at 30 June 2017	234,586	9,765	897	-	245,248	-	245,248

The above statement should be read in conjunction with the accompanying notes to the financial statements

*Continued on the next page

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	FULLY PAID ORDINARY SHARES $'000	RETAINED EARNINGS $'000	OTHER RESERVES $'000	CURRENCY TRANSLATION $'000	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
Balance at 30 June 2017	234,586	9,765	897	-	245,248	-	245,248
Profit for the year	-	19,696	-	-	19,696	(263)	19,433
Foreign exchange translation differences for foreign operations	-	-	-	114	114	(3)	111
Total comprehensive income for the year	-	19,696	-	114	19,810	(266)	19,544
Non-controlling interest arising on the acquisition of Treasury Capital Ltd	-	-	-	-	-	(249)	(249)
Foreign exchange translation differences for foreign operations	-	-	-	-	-	(13)	(13)
Shares issued under employee salary sacrifice share plan	58	-	-	-	58	-	58
Shares issued under dividend reinvestment plan	3,760	-	-	-	3,760	-	3,760
Shares issued under employee share acquisition plan	196	-	(196)	-	-	-	-
Shares issued under executive share scheme	50	-	-	-	50	-	50
Share issue costs	(24)	-	-	-	(24)	-	(24)
Related income tax	7	-	-	-	7	-	7
Provision for executive share entitlements	-	-	612	-	612	-	612
Provision for employee share acquisition plan	-	-	220	-	220	-	220
Payment of dividends	-	(15,359)	-	-	(15,359)	-	(15,359)
Balance at 30 June 2018	**238,633**	**14,102**	**1,533**	**114**	**254,382**	**(528)**	**253,854**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTE	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		**91,586**	84,711
Payments to suppliers and employees		**(59,843)**	(57,281)
Income tax paid		**(6,671)**	(4,951)
Net cash provided by operating activities	6	**25,072**	22,479
Cash flows from investing activities			
Payment for liquid investments		**-**	(18,044)
Proceeds on sale of liquid investments		**10,906**	-
Interest received		**841**	756
Payment for furniture, equipment and leasehold		**(3,844)**	(4,221)
Payment for intangible assets		**(348)**	(200)
Net payment for acquisitions	12	**(5,531)**	(4,958)
Net cash provided by/(used in) investing activities		**2,024**	(26,667)
Cash flows from financing activities			
Proceeds from issues of equity securities		**-**	188
Proceeds from borrowings		**5,000**	7,000
Payment for share issue cost		**(24)**	(20)
Dividend paid to members of the parent entity (net of shares issued under dividend reinvestment plan)		**(11,599)**	(11,375)
Net cash used in financing activities		**(6,623)**	(4,207)
Net increase/(decrease) in cash held		**20,473**	(8,395)
Cash and cash equivalents at beginning of financial year		**40,328**	48,723
Exchange fluctuations on foreign cash balances		**(150)**	-
Cash and cash equivalents at end of financial year	17	**60,651**	40,328

The above statement should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

EQT Holdings Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol "EQT"), incorporated in Australia and operating in Australia and the United Kingdom.

EQT Holdings Limited's registered office and its principal place of business is Level 1, 575 Bourke St, Melbourne, Victoria 3000, Australia. EQT Holdings Limited and its subsidiaries (refer note 30) are referred to as 'the Group' in the notes to the financial statements. The principal activities of the Group are described in note 3.

STATEMENT OF COMPLIANCE

These financial statements are general purpose financial statements, which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group and the Company comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Directors on 22 August 2018.

PRESENTATION OF NOTES AND ACCOUNTING POLICIES

The presentation of financial information in notes and accounting policies has been changed in the 2018 financial statements to align the note financial information with related accounting policies. This change has been made to improve the overall readability of the financial statements.

BASIS OF PREPARATION

The consolidated 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 values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 *Share Based Payments*, leasing transactions that are within the scope of AASB 117 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument (Corporations Instrument)*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

The following are the critical judgments and key sources of estimation uncertainty used in the preparation of the financial statements that have a significant impact on the amounts recognised in the consolidated financial statements.

IMPAIRMENT OF GOODWILL, AND INDEFINITE LIFE MANAGEMENT RIGHTS AND CUSTOMER CONTRACT INTANGIBLES

Determining whether goodwill or the indefinite life management rights/customer contracts are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and the indefinite life management rights have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit, revenue, expense, and terminal growth rates and an appropriate discount rate in order to calculate present value.

At 30 June 2018 the carrying amount of goodwill is $127,561,000 and $82,119,000 for the management rights and customer contract intangibles (2017: $125,743,000 goodwill and $79,882,000 management rights and customer contract intangibles). No impairment has been identified (30 June 2017: nil).

ESTATE ADMINISTRATION REVENUE

Revenue associated with estate administration activities is recognised using the percentage of completion method, which considers the stage of completion of each individual estate. The estate administration process is complex and includes a number of legal milestones that must occur until the point at which an estate is distributed to its beneficiaries. Judgment is required in determining the percentage of completion in accordance with the progress of the estate.

INTANGIBLE ASSETS

The useful lives of intangible assets are reviewed annually. Any reassessment of useful lives in a particular year will affect the amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years. During 2018 no change has been made to the useful lives of intangible assets, as disclosed in note 7 (2017: no change). Acquired customer contract intangible assets during the year have been determined to have a useful life of 16 years.

PROVISIONS

As referred to in note 10, the amounts included in provisions represents the Directors' best estimate of the future outflow of economic benefits that will be required to settle identified outstanding issues including employee benefit provisions. The aggregate value of the current and non-current provisions at 30 June 2018 is $10,446,000 (2017: $8,102,000).

INCOME TAX TREATMENT

The ATO is undertaking a review of the tax treatment of an acquisition in the 2011 financial year that resulted in a right to future income deduction. The Group had received tax advice that the tax deduction was allowable and is of the opinion the tax deduction has been correctly calculated and claimed. However, the ultimate outcome of the ATO review is not yet known. Refer to note 26.

PERFORMANCE

1 INCOME

The following is an analysis of the Group's income and revenue for the year:

	2018 $'000	2017 $'000
Revenue		
Revenue from service activities	**87,321**	78,593
Interest and managed fund distributions	**840**	768
	88,161	79,361
Other income		
Recoveries	**287**	567
Foreign currency gain / (loss)	**8**	-
Total Revenue	**88,456**	79,928
The following is an analysis of investment revenue earned on financial assets by category of asset:		
Available-for-sale financial assets	**108**	59
Loans and receivables (including cash and bank balances)	**732**	709
Total investment income for financial assets not designated as at fair value through the profit and loss	**840**	768

ACCOUNTING POLICIES

Revenue is measured at the fair value of the consideration received or receivable on an accruals basis, net of goods and services tax, rebates and other similar allowances.

Revenue from service activities

The Group earns revenue from a variety of services, including:

Trustee, management and service revenue

The Group provides trustee, management, custody, administration and other services to managed schemes, superannuation funds, common funds, unit trusts, perpetual charitable trusts, estates and individual clients. These fees are calculated in accordance with the underlying commercial agreements in place and are recognised as the related services are performed.

Estate administration revenue

The Group provides traditional trustee services including estate administration to deceased estates. Revenue associated with these services is recognised as the related services are performed, on a percentage of completion basis. Refer to *Critical Accounting Judgments and Key Sources of Estimation Uncertainty* for further information on key areas of judgment relating to the recognition of estate administration revenue.

Interest and managed fund distributions

Interest and managed fund distribution revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Distribution revenue from investments is recognised when the Group's right to receive payment has been established. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Recoveries

The Group earns income when expenses paid are subsequently recovered. Income earned in such cases is recognised when the Group's right to receive payment has been established.

2 EXPENSES

	2018 $'000	2017 $'000
Salaries and related employee expenses:		
Wages and salaries	**34,352**	32,672
Post employment benefits	**2,473**	2,531
Equity-settled share-based payments	**890**	446
Other employment related expenses	**1,270**	2,661
Administrative and general expenses:		
Loss on disposal of plant and equipment and software	**489**	227
Other administrative and general expenses	**4,217**	3,649
Information technology expenses	**4,496**	3,861
Occupancy expenses:		
Minimum lease payments	**1,621**	2,720
Outgoings and other occupancy expenses	**682**	481
Legal, consulting and regulatory expenses	**2,826**	2,862
Audit and tax advice expenses	**1,236**	1,076
Insurance expenses	**600**	671
Total expenses	**55,152**	53,857

ACCOUNTING POLICIES

Expenses are measured at the fair value of the consideration paid or payable on an accruals basis, net of goods and services tax.

Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they relate to acquisition, construction or production of qualifying assets in which case the costs are capitalised.

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. The Group has two types of equity settled share-based payments: the Long-term Incentive Awards (LTI) and the Employee Share Acquisition Plan (ESAP).

Fair value of the LTI is measured by using an adjusted form of the Black-Scholes option pricing model that incorporates a Monte Carlo simulation analysis. The model has been modified to incorporate an estimate of the probability of achieving the performance hurdle and the number of Awards vesting. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Shares issued under the ESAP are valued at fair value determined at the date of issue to employees and this amount is expensed in the income statement with a corresponding entry in issued capital.

3 SEGMENT PERFORMANCE

Information reported to the Group's Managing Director (chief operating decision maker) for the purpose of resource allocation and assessment of performance is focused on the categories of services provided to customers. The principal categories of services are Trustee & Wealth Services and Corporate Trustee Services. No operating segments have been aggregated in arriving at the reportable segments of the Group. The Group's reportable segments as determined in accordance with AASB 8 Operating Segments, are as follows:

TRUSTEE & WEALTH SERVICES (TWS)

Provides a range of private client, philanthropic and superannuation services including estate planning and management; charitable, compensation, community and personal trust services; wealth management and advice. TWS operates within Australia.

CORPORATE TRUSTEE SERVICES (CTS)

Provides a range of fund governance and trustee services for managed investment trusts on behalf of local and international fund managers and sponsors, as well as specialised trustee services for corporates and structured multi-party transactions. CTS operates in Australia and the United Kingdom.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. These operating segments also constitute the major categories of services offered by the Group.

	2018 $'000	2017 $'000
Segment revenue		
Trustee & Wealth Services	**59,694**	53,780
Corporate Trustee Services	**27,627**	25,057
	87,321	78,837
Unallocated	**1,135**	1,091
Total revenue per statement of profit or loss	**88,456**	79,928

The revenue reported above represents revenue generated from external customers. There were no inter-segment sales (2017: nil).

There were no discontinued operations (2017: nil).

No single customer accounts for 10% or more of the Group's revenue.

	2018 $'000	2017 $'000
Segment net profit before tax		
Trustee & Wealth Services	**16,449**	12,379
Corporate Trustee Services	**12,456**	12,095
	28,905	24,474
Unallocated	**(174)**	(2,208)
Total net profit before tax per statement of profit or loss	**28,731**	22,266

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the contribution earned by each segment without the allocation of non-operating expenditure (including projects and acquisition related expenditure) or income tax. This is the measure used by the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring performance, the chief operating decision maker reviews balance sheet items for the Group as a whole. The Group's assets and liabilities are not allocated to the reportable segments for management reporting purposes.

Geographic segment

The Group operates in two geographical locations, Australia (the Group's country of domicile) and the United Kingdom. Revenue and non-current assets associated with the Group's UK operations are not material to the Group as a whole, or to the CTS operating segment, and therefore these amounts have not been separately disclosed as at 30 June 2018.

4 INCOME TAXES

	2018 $'000	2017 $'000
Income tax expense comprises:		
Current income tax expense	**8,367**	7,113
Prior year tax adjustments recognised in the current year	**51**	-
Deferred tax expense relating to the origination and reversal of temporary differences	**880**	(284)
Total income tax expense	**9,298**	6,829
The income tax expense for the year can be reconciled to accounting profit as follows:		
Profit before tax from continuing operations	**28,731**	22,266
Income tax expense calculated at 30%	**8,619**	6,680
Effect of different tax rates of subsidiaries operating in other jurisdictions	**196**	-
Non-deductible expenses	**417**	480
Non-assessable income	**15**	(331)
	9,247	6,829
Prior year tax adjustments	**51**	-
	9,298	6,829

The tax rate used in the above 2018 and 2017 reconciliations is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. The Group's UK operations are subject to a corporate tax rate of 19%. In 2018 the UK operations generated a loss of $658k, the tax effect of which will be carried forward to future years. There has been no change in the corporate tax rate when compared with the prior financial year.

	2018 $'000	2017 $'000
Income tax expense/(credit) recognised directly in equity:		
Current tax:		
Share issue expenses deductible over 5 years	**(467)**	(467)
Deferred tax:		
Arising on transactions with equity participants:		
Share issue expenses deductible over 5 years	**460**	461
Total income tax recognised directly in equity	**(7)**	(6)
Current tax liabilities:		
Income tax payable	**4,454**	1,353
Deferred tax balances are presented in the statement of financial position as follows:		
Deferred tax liability	**(18,522)**	(19,077)

Included in the current tax payable of $2,501,000 described in the above table is an offsetting current tax asset of $783,570, which relates to an amount currently under dispute with the ATO. Refer to note 26 for further information.

	OPENING BALANCE $'000	CHARGED TO INCOME $'000	CHARGED TO EQUITY $'000	OTHER $'000	CLOSING BALANCE $'000
2018					
Temporary differences					
Provisions	2,337	803	-	56	3,196
Expenditure deductible over 5 years	725	(140)	(400)	-	185
Property, plant and equipment	(267)	(34)	-	16	(285)
Intangible assets	(21,872)	254	-	-	(21,618)
	(19,077)	**883**	**(400)**	**72**	**(18,522)**
2017					
Temporary differences					
Provisions	2,352	(15)	-	-	2,337
Expenditure deductible over 5 years	1,370	(186)	(459)	-	725
Property, plant and equipment	(45)	(222)	-	-	(267)
Intangible assets	(21,437)	139	-	(574)	(21,872)
	(17,760)	(284)	(459)	(574)	(19,077)

The Group has no unrecognised deferred tax balances.

ACCOUNTING POLICIES

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the Group's taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The Company and all its wholly owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. EQT Holdings Limited is the head entity in the tax-consolidated group and the other members are identified in note 30. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by each member of the tax-consolidated group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. The Company and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for the tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Investment in tax-consolidated group

Under Australian tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the Group depends on a range of factors, including the tax values and/or carrying values of assets and liabilities of the leaving entity, which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on any disposal of the investments within the tax-consolidated group will therefore depend upon when each entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

Because the consolidated entity has no current intention to dispose of any subsidiaries within the Group, a deferred tax liability has not been recognised in relation to investments within the tax-consolidated group. Furthermore, temporary differences that might arise on disposal of the entities in the tax-consolidated group cannot be reliably measured because of their inherent uncertainties surrounding the nature of any future disposal that might occur.

5 EARNINGS PER SHARE

The Company has one class of ordinary shares.

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	2018 CENTS PER SHARE	2017 CENTS PER SHARE
Basic earnings per share	**97.27**	77.00
Diluted earnings per share	**96.89**	76.90

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	2018 $'000	2017 $'000
Net profit after tax attributable to equity holders of the Company	**19,696**	15,437

	2018 NO. '000	2017 NO. '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**20,248**	20,046
Shares deemed to be issued for no consideration in respect to employee share entitlements	**79**	26
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**20,327**	20,072

ACCOUNTING POLICIES

Basic earnings per share is calculated by dividing the net profit after tax attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share is calculated by dividing the net profit after tax attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding for the year, adjusted for shares deemed to be issued for no consideration, in respect to employee share entitlements.

6 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit for the year to net cash flows from operating activities

	2018 $'000	2017 $'000
Profit for the year	**19,433**	15,437
Income tax expense recognised in profit and loss	**9,298**	6,829
Depreciation and amortisation of non-current assets	**2,361**	1,921
Amortisation of management rights	**1,411**	1,319
(Profit)/loss on disposal of plant and equipment	**489**	227
Equity-settled share-based payments	**890**	446
Interest income received and receivable	**(840)**	(768)
Foreign currency (gain)/loss	**(8)**	-
	33,034	25,411
Movements in working capital		
(Increase)/decrease in trade and other receivables	**(1,886)**	1,440
(Increase)/decrease in other assets	**(3,167)**	(1,272)
Increase/(decrease) in trade and other payables	**(1,112)**	1,533
Increase/(decrease) in other provisions	**4,874**	318
Cash generated from operations	**31,743**	27,430
Income taxes paid	**(6,671)**	(4,951)
Net cash generated by operating activities	**25,072**	22,479

Non-cash financing activities

Non-cash financing activities during the year were dividend reinvestments of $3,760,000 (2017: $2,438,000) and employee salary sacrifice share issues $58,000 (2017: $40,000).

ACCOUNTING POLICIES

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.

OPERATING ASSETS AND LIABILITIES

7 INTANGIBLE ASSETS

	COMPUTER SOFTWARE $'000	LEASEHOLD MAKEGOOD $'000	MANAGEMENT RIGHTS $'000	TOTAL $'000
Gross carrying amount				
Balance at 1 July 2016	10,572	234	82,024	92,830
Additions	36	753	3,244	4,033
Disposals	(1,045)	(234)	-	(1,279)
Balance at 30 June 2017	9,563	753	85,268	95,584
Additions	370	-	3,639	4,009
Effect of foreign currency exchange differences	-	-	9	9
Disposals	(1,630)	-	-	(1,630)
Balance at 30 June 2018	**8,303**	**753**	**88,916**	**97,972**
Accumulated amortisation and impairment				
Balance at 1 July 2016	5,271	199	4,067	9,537
Disposals	(1,043)	(223)	-	(1,266)
Amortisation expense	1,275	87	1,319	2,681
Balance at 30 June 2017	5,503	63	5,386	10,952
Disposals	(1,317)	-	-	(1,317)
Amortisation expense	1,265	75	1,411	2,751
Balance at 30 June 2018	**5,451**	**138**	**6,797**	**12,386**
Net book value				
As at 30 June 2017	4,060	690	79,882	84,632
As at 30 June 2018	**2,852**	**615**	**82,119**	**85,586**

	2018 $'000	2017 $'000
Aggregate amortisation recognised as an expense during the year:		
Amortisation of non-current assets	**1,340**	1,362
Amortisation of management rights	**1,411**	1,319
Total amortisation expense	**2,751**	2,681

Amortisation expense is included in the line item 'depreciation and amortisation expenses' in the consolidated statement of profit or loss and other comprehensive income.

Significant intangible assets

The Group holds the following significant management rights and customer contract intangibles. All of these are externally generated intangible assets.

	2018 $'000	2017 $'000
Indefinite life	**73,016**	72,843
Fixed life	**9,103**	7,039
	82,119	79,882

The indefinite and fixed life intangibles in the above table have been allocated for impairment testing purposes to the TWS and CTS cash-generating units. Details of cash-generating units, the value-in-use calculation of the recoverable amounts and key assumptions are contained in note 8. Management have reviewed the useful life of the intangibles and has determined that these indefinite life intangibles continue to have indefinite lives.

In undertaking this review management have considered the economic, competitor and regulatory environment in relation to the Group, the contractual rights and contractual relationships in relation to these indefinite life intangibles, and ability of the indefinite life intangibles to continue to have value into the foreseeable future.

ACCOUNTING POLICIES

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation (if finite life intangible) and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Management rights and customer contract intangibles

Management rights and customer contract intangibles arising in relation to acquisitions are carried at cost as non-current intangible assets. Where the management rights and customer contract intangibles have an indefinite useful life they are not amortised but are subject to an ongoing impairment test. Where the management rights and customer contract intangibles have a finite useful life they are recorded at cost less accumulated amortisation and accumulated impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Useful lives of finite life intangible assets

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

Software	1 - 10 years
Management rights and customer contract intangibles	1 - 16 years
Makegood asset	10 years

Impairment

At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are required to be tested for impairment annually and whenever there is an indication that the asset may be impaired. 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

8 GOODWILL

	2018 $'000	2017 $'000
Cost	**127,561**	125,743
Accumulated impairment losses	**-**	-
	127,561	125,743
Balance at beginning of the financial year	**125,743**	123,456
Amounts recognised during the year	**1,724**	2,287
Effects of foreign currency exchange differences	**94**	-
	127,561	125,743

There are no accumulated impairment losses (2017: nil).

During the financial year the Group assessed the recoverable amount of goodwill and determined that no impairment had occurred (2017: nil).

Allocation of goodwill to cash-generating units

The carrying amount of goodwill was allocated to the following cash-generating units:

	2018 $'000	2017 $'000
Corporate Trustee Services	**5,498**	3,680
Trustee & Wealth Services	**122,063**	122,063
	127,561	125,743

Corporate Trustee Services (CTS)

The recoverable amount of the CTS operating segment is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five year period, together with a terminal value based on a conservative rate of growth. These cash flows are discounted using a pre-tax rate of 10.49% (2017: 10.16%). Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CTS operating segment.

The key assumptions used in the value-in-use calculations are the growth rate of funds under management, basis point fee levels, and expense growth rate. These assumptions are evaluated each year to ensure their ongoing appropriateness.

Trustee & Wealth Services (TWS)

The recoverable amount of the TWS cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five year period, together with a terminal value based on a conservative rate of growth. These cash flows are discounted using a pre-tax rate of 10.49% (2017: 10.16%). Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the TWS cash-generating unit.

The key assumptions used in the value-in-use calculations are the growth rate of funds under management and growth in ongoing services revenue, growth in one-off advisory services and expense growth rate. These assumptions are evaluated each year to ensure their ongoing appropriateness.

Sensitivity to changes in key assumptions

Both CTS and TWS have been assessed as having no impairment in the current and prior years. The Group has evaluated the sensitivity of cash-generating unit recoverable amounts, and their related headroom over the carrying value of cash-generating unit assets, to consider reasonably possible changes in key assumptions. The following changes to headroom are reasonably possible, while holding all other assumptions constant:

- a 50 basis point increase in the pre-tax discount rate results in a reduction in headroom for CTS of $12,000,000, and TWS of $9,000,000 and does not result in an impairment to the carrying value of assets;
- a 50 basis point decrease in terminal growth rates results in a reduction in headroom for CTS of $15,800,000, and TWS of $16,200,000, and does not result in an impairment to the carrying value of assets;
- a 100 basis point reduction in revenue growth rates results in a reduction in headroom for CTS of $17,800,000, and TWS of $14,000,000, and does not result in an impairment to the carrying value of assets.

The combined effect of the above reasonably possible changes results in a further reduction of headroom, but does not result in the carrying amount of either cash-generating unit exceeding its recoverable amount.

ACCOUNTING POLICIES

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (note 12) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

9 FURNITURE, EQUIPMENT AND LEASEHOLD

	COMPUTER HARDWARE & EQUIPMENT AT COST $'000	LEASEHOLD IMPROVEMENTS AT COST $'000	OFFICE FURNITURE & EQUIPMENT AT COST $'000	TOTAL $'000
Gross carrying amount				
Balance at 1 July 2016	3,276	1,291	973	5,540
Additions	113	3,899	209	4,221
Disposals	(1,034)	(1,291)	(730)	(3,055)
Balance at 30 June 2017	2,355	3,899	452	6,706
Additions	491	2,604	751	3,846
Effect of foreign currency exchange differences	(1)	-	-	(1)
Disposals	(412)	-	(227)	(639)
Balance at 30 June 2018	**2,433**	**6,503**	**976**	**9,912**
Accumulated depreciation and Impairment				
Balance at 1 July 2016	2,159	1,201	717	4,077
Disposals	(1,026)	(1,249)	(579)	(2,854)
Depreciation expense	439	100	83	622
Balance at 30 June 2017	1,572	52	221	1,845
Disposals	(293)	-	(171)	(464)
Depreciation expense	370	537	114	1,021
Balance at 30 June 2018	**1,649**	**589**	**164**	**2,402**
Net book value				
As at 30 June 2017	783	3,847	231	4,861
As at 30 June 2018	**784**	**5,914**	**812**	**7,510**

	2018 $'000	2017 $'000
Aggregate depreciation recognised as an expense during the year:		
Computer hardware and equipment	**370**	439
Leasehold improvements	**537**	100
Office furniture and equipment	**114**	83
Total depreciation expense	**1,021**	622

No depreciation was capitalised.

Depreciation expense is included in the line item 'depreciation and amortisation expenses' of the statement of profit or loss and other comprehensive income.

ACCOUNTING POLICIES

Furniture, equipment and leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation on furniture and equipment is recognised so as to write off the cost or valuation of the assets less their residual values over their useful lives using the straight-line method. Leasehold improvements are depreciated over the period of the lease or estimated useful life; whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

An item of furniture, equipment or leasehold improvement is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of furniture, equipment or leasehold improvement is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Useful lives used in the calculation of depreciation

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

Computer hardware and equipment	1 – 6 years
Office furniture and equipment	1 – 10 years
Leasehold improvements	2 – 10 years

Impairment

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

10 PROVISIONS

	2018 $'000	2017 $'000
Current		
Employee benefits	**6,847**	5,029
Other provisions	**1,215**	795
	8,062	5,824
Non-current		
Employee benefits	**1,586**	1,505
Makegood	**798**	773
	2,384	2,278

	MAKEGOOD $'000	OTHER PROVISIONS '000	EMPLOYEE BENEFITS (NOTE 23) '000	TOTAL '000
Balance at 1 July 2017	773	795	6,534	8,102
Net additional provisions recognised	25	(225)	5,247	5,047
Decrease arising from payments	-	645	(3,348)	(2,703)
Other movements	-	-	-	-
Balance at 30 June 2018	**798**	**1,215**	**8,433**	**10,446**

The make good provision represents the present value of the Directors' best estimate of the future outflow of economic benefits that will be required to settle the Group's obligations to make good its leased premises at the end of the leases.

Other provisions includes the Directors' best estimate of amounts required to meet employee, fringe benefit tax and other trade payment obligations that are owing.

ACCOUNTING POLICIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.

11 OTHER LIABILITIES

	2018 $'000	2017 $'000
At amortised cost		
Current		
Corpus commission collected but not earned	**9**	15
Other liabilities	**773**	430
	782	445
Non-current		
Lease related liabilities	**2,507**	339
Corpus commission collected but not earned	**35**	35
	2,542	374

12 BUSINESS COMBINATIONS

Acquisition of businesses

Acquisition of Treasury Capital Ltd (TCL)

On 13 October 2017, the Group announced that it had acquired a 60% stake in UK-based TCL, a provider of independent fund governance services to the funds management industry. The acquisition of TCL, and its subsidiary Treasury Capital Fund Solutions Limited (TCFS), settled on 2 November 2017 and has allowed the Group to expand the offerings of its Corporate Trustee Services business into the UK market. The executive management of TCL have retained a 40% interest and remain fully involved in the operations of the business. The TCL business forms part of the CTS operating segment and is now known as Equity Trustees (UK & Europe) Limited.

Acquisition of OneVue RE Services Limited

On 25 October 2017, the Group announced that it had signed and agreed to acquire the responsible entity operations of OneVue Holdings Limited, via the acquisition of 100% of the shares of OneVue RE Services Limited (OVRE). The acquisition resulted in a number of new responsible entity and trustee clients, with approximately $2.7b funds under supervision joining the Group. The acquisition completed on 29 March 2018. The OVRE business forms part of the CTS operating segment and is now known as EQT Responsible Entity Services Limited.

CONSIDERATION	TCL $'000	OVRE $'000
Cash consideration in exchange for ordinary shares	1,300	3,737
Cash consideration in exchange for preference shares	1,810	-
Total cash	**3,110**	**3,737**

As part of the acquisition of TCL, the Group acquired 60% of the ordinary equity of TCL, and 100% of the preference shares of TCL. Preference shares entitle the Group to semi-annual preferred dividends.

ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE DATE OF ACQUISITION	TCL $'000	OVRE $'000
Assets		
Cash and cash equivalents	1,023	293
Intangible assets	164	3,549
Other assets	255	416
Liabilities		
Other liabilities	(305)	(521)
	1,137	**3,737**

For the current financial year there were no trade receivables acquired or contractual cash flows not expected to be collected (2017: nil).

GOODWILL ARISING ON ACQUISITION	TCL $'000	OVRE $'000
Consideration	3,110	3,737
Plus non-controlling interests	(249)	-
Less fair value of identifiable net assets acquired	(1,137)	(3,737)
Goodwill arising on consolidation	**1,724**	**-**

Goodwill arose in relation to the acquisition of TCL and this included a control premium. In addition, the consideration paid effectively includes amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of TCL. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria.

No goodwill has arisen in respect of the acquisition of OVRE. On acquisition, intangible assets to the value of $3,549,000 have been recognised.

NET CASH OUTFLOW ARISING ON ACQUISITION	TCL $'000	OVRE $'000
Consideration paid in cash	3,110	3,737
Less cash and cash equivalent balances acquired	(1,023)	(293)
	2,087	**3,444**

IMPACT OF ACQUISITION ON THE RESULTS OF THE GROUP	TCL $'000	OVRE $'000
Amounts included in revenue for the year ended 30 June 2018	637	590
Amounts included in profit after tax for the year ended 30 June 2018	(658)	411

Acquisition related costs incurred in the current year were $810,000 (2017: $100,000).

Year ended 30 June 17

On 31 March 2017, the Group acquired the Sandhurst Trustees Limited estates and trusts business (estates and trusts business) from Bendigo and Adelaide Bank Limited (BEN). The acquisition has a strategic fit with the Company's existing trustee business. The estates and trusts business was acquired for an amount of $4,958,000 from BEN. Further details of this acquisition are available in the Group's 2017 Annual Report.

ACCOUNTING POLICIES

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits respectively*;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share-based Payments* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 *Financial Instruments*: Recognition and Measurement, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

CAPITAL STRUCTURE

13 BORROWINGS

	2018 $'000	2017 $'000
Unsecured at amortised cost		
Loan from ANZ	**20,000**	15,000
	20,000	15,000

On 22 December 2017, EQT Holdings Limited obtained a new unsecured bank loan facility of $40m with Australia and New Zealand Banking Group Limited. The drawn down loan tranches bear interest at variable market rates and have varying maturities generally not exceeding one year. As at 30 June 2018 the total amount drawn down from this facility was $20m (2017: $15m). The weighted average effective interest rate on the drawn down loans is 3.6% per annum (2017: 3.2%). The undrawn amount incurs a fixed charge. The loan facility has a term of three years.

Reconciliation of liabilities arising from financing activities

	2017 $'000	CASH FLOWS $'000	NON-CASH CHANGES $'000	2018 $'000
Loan from ANZ	15,000	5,000	-	**20,000**
Total liabilities from financing activities	15,000	5,000	-	**20,000**

14 ISSUED CAPITAL

	2018 $'000	2017 $'000
20,343,783 fully paid ordinary shares (2017: 20,124,887)	**238,633**	234,586

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2018 NO. '000	2018 $'000	2017 NO. '000	2017 $'000
Fully paid ordinary shares				
Balance at beginning of financial year	**20,125**	**234,586**	19,959	231,780
Shares issued under employee share scheme	**11**	**196**	12	207
Shares issued under executive share scheme	**3**	**50**	11	135
Shares issued under employee salary sacrifice	**3**	**58**	2	40
Shares issued under share placement	**-**	**-**	-	-
Shares issued under dividend reinvestment plan	**202**	**3,760**	141	2,438
Share issue costs net of tax	**-**	**(17)**	-	(14)
Balance at end of financial year	**20,344**	**238,633**	20,125	234,586

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

Share awards

In accordance with the provisions of the EQT Holdings Limited Executive Performance Share Plan 1999 (the Plan), as at 30 June 2018, eligible executives have share entitlements over 109,358 ordinary shares (2017: 66,678), in aggregate. Further details of the Plan are contained in the remuneration report within the Directors' Report.

15 RESERVES

	EMPLOYEE EQUITY-SETTLED BENEFITS RESERVE $'000	CAPITAL RESERVE $'000	CURRENCY TRANSLATION $'000	TOTAL $'000
Balance at 1 July 2017	547	350	-	897
Shares issued	(196)	-		(196)
Movement in reserve	832	-	114	946
Balance at 30 June 2018	**1,183**	**350**	**114**	**1,647**

Employee equity-settled benefits reserve

The employee equity-settled benefits reserve arises on the granting of share entitlements to eligible employees under the EQT Holdings Limited Executive Performance Share Plan 1999 (the Plan) (refer Directors' Report) and on the provision for shares to be issued to staff under the Employee Share Acquisition Plan (ESAP). The ESAP is in place to allow eligible employees to participate in share allotments as approved by the Board on an ongoing basis as deemed appropriate. There is $224,000 provided for ESAP in 2018 (2017: $200,000).

Capital reserve

Entities within the Group are holding capital reserves in relation to their Registrable Superannuation Entity (RSE) licence requirements. These capital reserves were an interim measure until the superannuation funds for which these entities act as RSE had fully established their Operational Risk Financial Requirement reserves. The Group intends to transfer the balance out and close this reserve during the 2019 financial year.

16 DIVIDENDS

FULLY PAID ORDINARY SHARES	DATE OF PAYMENT	CENTS PER SHARE	TOTAL $'000
Recognised amounts			
2018			
Interim 2018 dividend (fully franked)	29 March 2018	40	8,110
2017			
Interim 2017 dividend (fully franked)	31 March 2017	35	7,020
Final 2017 dividend (fully franked)	10 October 2017	36	7,249
Unrecognised amounts			
2018			
Final 2018 dividend (fully franked)	09 October 2018	42	8,545

	2018 $'000	2017 $'000
Franking account balance at 1 July	**4,479**	5,448
Tax paid	**6,671**	4,951
Franking credits received	**-**	-
Franking credits attached to interim and final dividends	**(6,582)**	(5,920)
Franking account balance at 30 June	**4,568**	4,479
Franking credits that will arise from income tax payable at reporting date	**4,454**	1,353
Franking credits to be attached to dividends declared but not recognised	**(3,662)**	(3,105)
Adjusted franking account balance	**5,360**	2,727

CASH AND WORKING CAPITAL

17 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the consolidated statement of financial position as follows:

	2018 $'000	2017 $'000
Cash and cash equivalents	**60,651**	40,328

ACCOUNTING POLICIES

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

18 TRADE AND OTHER RECEIVABLES

	2018 $'000	2017 $'000
Current		
Trade receivables	**5,943**	6,291
Allowance for doubtful debts	**(24)**	(26)
Other receivables	**7,531**	4,854
	13,450	11,119
Non-current		
Corpus commission earned but not collected	**108**	108
Other receivables	**-**	447
	108	555
Trade receivables ageing of past due but not impaired		
Under 30 days	**2,320**	1,027
30-60 days	**497**	143
Over 60 days	**104**	78
	2,921	1,248
Movement in the allowance for doubtful debts		
Balance at beginning of the year	**(26)**	(34)
Impairment losses recognised on trade receivables	**(52)**	(67)
Amounts written off as uncollectible	**12**	5
Impairment losses reversed	**42**	70
Balance at end of year	**(24)**	(26)

ACCOUNTING POLICIES

Trade receivables are classified as loans and receivables and are therefore measured at amortised cost, inclusive of any attributable goods and services tax (GST). The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables as appropriate.

The terms of payment for all trade receivables is 14 days from invoice date. All accounts receivable outstanding more than 30 days are monitored and actively managed. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts relating to outstanding trade receivables as determined by a specific review of outstanding accounts. Factors considered in this review include the nature of the debtor, the relationship with the debtor, length of time the debt has been outstanding and knowledge of the reason for the delay in payment.

Before accepting significant new clients the credit worthiness of these clients is assessed by either executive management or the Due Diligence Committee (DDC) depending on the type of client. Other new client credit worthiness is assessed by business managers as is appropriate to the size and nature of those clients and whether the client has funds deposited with the Group from which the Group is permitted to withdraw payment of its fees.

Included within the Group's trade receivable balance are debtors with a carrying amount of $2,921,000 (2017: $1,248,000) which are past due at the reporting date but these have not been provided for as there has not been a significant change in credit quality and the amounts are considered recoverable. The Group does not hold any collateral over these balances.

Other receivables include corpus commission, managed scheme distributions and interest receivable. These receivables are with Australian banks, Australian managed investment schemes and client accounts administered by the Group. These amounts are all considered recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

19 OTHER FINANCIAL ASSETS

	2018 $'000	2017 $'000
Available-for-sale investments carried at fair value:		
Managed investments schemes	**7,138**	18,044
	7,138	18,044

At 30 June 2018 the Group held an investment in the Mutual (Cash) Common Fund M1, which is a cash fund managed by the Group (2017: $18,044,000). The investment is held to allow the Group to obtain a reasonable rate of return on excess cash held for regulatory capital requirements.

20 CURRENT TRADE AND OTHER PAYABLES

	2018 $'000	2017 $'000
Trade payables	**605**	1,858
Goods and services tax payable	**350**	394
Other	**444**	259
	1,399	2,511

ACCOUNTING POLICIES

Trade payables are initially recognised at fair value, inclusive of any attributable GST.

The Group's policy regarding trade payables is to pay all invoices by the due date. No interest charges have been incurred on trade payables.

RISK MANAGEMENT

21 FINANCIAL RISK MANAGEMENT

a) Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue on a going concern basis while balancing the achievement of shareholder returns with prudential management of resources, achieving its long-term strategy, meeting the financial requirements imposed by regulatory authorities and maintaining financial covenants required by lenders.

Entities in the Group hold Australian Financial Services Licences (AFSL) and Registrable Superannuation Entity (RSE) Licences, as well as authorisations from the Financial Conduct Authority in the United Kingdom ('the Licensed Entities'). Licenced Entities are subject to regulatory financial requirements in relation to their licenses and authorisations. The Group is also subject to financial covenants in relation to its borrowings. Apart from the foregoing, there are no other externally imposed capital requirements for the Group. The Group has met its regulatory financial requirements and debt covenants throughout FY18, and the regulatory financial requirements and debt covenants throughout the FY17.

For the 2018 financial year, the Licenced Entities are required to maintain minimum levels of capital in accordance with the conditions applying under their individual licenses. In Australia, these requirements include minimum net tangible asset (NTA) requirements; in the UK, these requirements include minimum levels of capital adequacy. All capital requirements also contain a minimum requirement for liquidity. The Group continuously monitors the capital position of each Licensed Entity, and has ensured that each entity maintains sufficient capital to meet its license requirements during the year.

The Group's capital management strategy generally is to maintain a conservative balance sheet with low gearing. The Group continually reviews funding options to ensure it is optimising both the use and mix of its capital to achieve its capital management objectives. As at 30 June 2018, the gearing percentage (debt to equity) was 7.9% (2017: 6.3% debt to equity ratio).

The Group's policy is to fund its normal activities from operating cash flows. Any substantial requirements such as a major business acquisition shall be funded using a suitable mix of accumulated cash surpluses, debt facilities, and equity funding raised through the issue of ordinary shares in the listed holding company, EQT Holdings Limited. This policy is regularly reviewed in light of the Group's long-term strategy, prudential management of resources, dividend policy, market conditions, changing regulatory requirements in relation to its regulatory licences, and achieving shareholder returns.

b) Categories of financial instruments

	2018 $'000	2017 $'000
Financial assets		
Cash and cash equivalents	**60,651**	40,328
Loans and receivables - trade receivables	**5,919**	6,265
Available-for-sale financial assets - cash fund	**7,138**	18,044
	73,708	64,637
Financial liabilities		
At amortised cost - trade payables	**605**	1,858
At amortised cost - borrowings	**20,000**	15,000
	20,605	16,858

During the 2018 financial year there were no financial assets or liabilities designated as at fair value through profit or loss for either the Group or the Company (2017: nil). No financial assets have been pledged as collateral for either liabilities or contingent liabilities (2017: nil). No assets are held as collateral (2017: nil).

(c) Financial risk management objectives

The Group's main financial instrument risk exposures relate to market risk (including interest rate risk and currency risk), credit risk, and liquidity risk. The Group manages financial instrument risk through a combination of executive management monitoring key financial risks and the use of management and Board committees that manage and monitor particular activities and their related financial risks. The Board Risk Committee is responsible for overseeing the risk profile and risk management of the Group. The Board is ultimately responsible for Group's risk management framework (RMF), and overall risk management within the Group.

Both the executive management and committees report to the Board on a regular basis regarding their activities and the related financial risks. The committees include a Management Audit Risk and Compliance Committee (MARCC), Due Diligence Committee (DDC) and a Management Investment Committee (MIC). The MARCC reviews audit, risk and compliance issues across the business, with the other committees, DDC and MIC, having a more specialised focus. The DDC reviews new business proposals including the risks associated with counter parties. The MIC responsibilities include reviewing and managing the Group's investment portfolio and its associated financial risks.

The liquidity position of the Group and Company are continuously monitored by executive management and the impact on liquidity of any significant transaction, such as payment of a dividend, acquisition of a new business, and purchase of capital assets is considered prior to the transaction being approved.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's investment policy is to hold financial instruments for the long-term to support capital and NTA requirements. The asset allocation of the portfolio is conservative and complies with regulatory requirements. The AFSL conditions include holding a required minimum level of NTA in liquid assets, with 50% of this amount in cash or cash equivalents. The Group does not use hedging to manage its financial risks.

(d) Market risk management

The Group's primary risk exposure in relation to financial instruments is to interest rate risk. The exposure primarily arises in relation to the Group's investment portfolio (held to support NTA requirements) and borrowings. The acquisition of TCL during 2018 has resulted in the Group having a modest exposure to currency risk. The Group does not currently use derivatives to manage market risks, as executive management do not believe these risks currently warrant the use of derivatives due to their nature and relatively low level of risk.

The Group's market risks in relation to financial instruments are managed by executive management and the MARCC. In relation to interest rate risk, the MIC provides guidance regarding the management of the Group's investment portfolio. In relation to currency risk, the Group continuously monitors the balance sheets of entities whose functional currency is not the Australian Dollar, along with the value of foreign currency intercompany loans and receivables to manage overall foreign currency exposure.

Other than as described above, there has been no significant change from the previous year to the Group's exposure to market risk or the manner in which these risks are managed.

(d)(i) Interest rate risk management

The Group is exposed to interest rate risk in relation to its financial instruments as funds are invested at variable interest rates. The Group's borrowings are at fixed interest rates. The Group has a policy of placing interest bearing investments with Australian banks and other counter-parties with strong credit ratings. This minimises the risk of default and also ensures that the Group continues to meet its capital adequacy requirements. Within these parameters the Group seeks to make interest-bearing investments at the best available rates with Australian banks and other counter-parties that meet its credit rating and security criteria. These investment processes and reviews are overseen by the MARCC and guided by the MIC.

Interest rate sensitivity analysis

A sensitivity analysis in relation to the Group's exposure to interest rate movements is set out below. Management have assessed the reasonably possible change in interest rates to be plus/minus 100 basis points for 2018 (2017: plus/minus 100 basis points) based on a review of market conditions. This assumes both long and short-term interest rates will have the same basis point movement.

The sensitivity analysis is calculated using the end of year balance of the financial instrument where this balance is representative of the balance throughout the year. If the end of year balance is not representative of the balance throughout the year, then the sensitivity analysis is calculated using the average balance (calculated on a quarterly basis) held throughout the year.

	CARRYING AMOUNT AT 30 JUNE 2018 $'000		-1%	INTEREST RATE RISK	+1%
		PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000
Cash and cash equivalents	60,651	(607)	n/a	607	n/a
Amortised at cost - borrowings	(20,000)	200	n/a	(200)	n/a
Available-for-sale financial assets - cash fund	7,138	(71)	n/a	71	n/a
	47,789	**(478)**	**n/a**	**478**	**n/a**

	CARRYING AMOUNT AT 30 JUNE 2017 $'000		-1%	INTEREST RATE RISK	+1%
		PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000
Cash and cash equivalents	40,328	(403)	n/a	403	n/a
Amortised at cost - borrowings	(15,000)	150	n/a	(150)	n/a
Available-for-sale financial assets - cash fund	18,044	(180)	n/a	180	n/a
	43,372	(433)	n/a	433	n/a

(d)(ii) Currency risk

During the 2018 year the Group acquired a business based in the UK (note 12). The operations of the Group's UK business are predominantly denominated in British Pounds (GBP). As a result, the Group has some exposure to currency risk arising from:

- fluctuations in future cash flows relating to the foreign currency denominated operations of the Group's UK based subsidiaries; and
- fluctuations in the fair value of financial assets and liabilities held by the Group's UK based subsidiaries.

Currency risk also arises on intercompany loans and receivables owing between the Australian Group and UK based subsidiaries.

As the Group's UK based operations currently contribute a non-significant amount to the Group's financial results and balance sheet, no currency hedging is currently used to manage these risks. Executive management continue to monitor the Group's overall exposure to foreign currency and should the need arise, will consider the modest use of derivatives to manage the Group's currency exposure.

Foreign currency sensitivity analysis

A sensitivity analysis in relation to the Group's exposure to foreign exchange rate movements is set out below. Management have assessed the reasonably possible change in foreign exchange rates to be plus/minus 10% for 2018 (2017: N/A, as the Group held no foreign operations) based on a review of market conditions.

The sensitivity analysis is calculated using the end of year balance of each financial instrument where this balance is representative of the balance throughout the year. If the end of year balance is not representative of the balance throughout the year, then the sensitivity analysis is calculated using the average balance (calculated on a quarterly basis) held throughout the year.

	AMOUNT AT 30 JUN 2018 $'000	-10% PROFIT $'000	-10% EQUITY $'000	+10% PROFIT $'000	+10% EQUITY $'000
Cash and cash equivalents	**991**	(91)	n/a	91	n/a
Trade receivables	**59**	(6)	n/a	6	n/a
Trade payables	**(652)**	65	n/a	(65)	n/a
	398	**(32)**	**n/a**	**32**	**n/a**

(d)(iii) Other price risk management

As at 30 June 2018, the Group had no exposure to other price risk (2017: no exposure to other price risk).

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The main source of credit risk in relation to financial instruments is from outstanding accounts receivables, and deposits and fixed interest investments with banks, borrowings from banks and investments in managed investment schemes (2017: outstanding accounts receivables, and deposits and fixed interest investments with banks and borrowings from banks).

Executive management and, where applicable, the DDC reviews significant new clients before the take on of these clients is approved. The review process includes establishing the credit worthiness of the client. Other new clients are reviewed by business managers for credit worthiness as is appropriate to the size and nature of the client. The MARCC reviews and monitors the deposits and fixed interest investments with counterparties and borrowings from banks including any credit risk issues.

Accounts receivable consists of a large and diverse number of customers. Ongoing evaluation is performed on the financial condition of outstanding accounts receivables by the applicable business managers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics (2017: nil). The credit risk on liquid funds is limited because the Group holds its liquid funds with counterparties that have high credit ratings assigned by international credit-rating agencies and in managed investment schemes that have a low risk of default.

As outlined in note 28, included in the investment portfolio of the Company and Group are investments in managed investment schemes where a Group subsidiary acts as responsible entity. Although the Company has a prima facie credit exposure from these investments, this risk is not significant due to the existence of suitable controls including monitoring by the MIC of the quality and security of these investments (2017: nil).

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's and Group's maximum exposure to credit risk without taking account of any collateral obtained.

(f) Fair value of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

FINANCIAL ASSETS	FAIR VALUE AS AT 2018 $'000	2017 $'000	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE
Mutual (Cash) Common Fund M	**7,138**	18,044	Level 2	Daily published prices

There were no significant unobservable inputs in relation to the fair value of the Mutual (Cash) Common Fund M1 in 2018 (2017: same).

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have put in place a suitable risk management framework to manage the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities. The liquidity position of the Group is continuously monitored by executive management and the impact on liquidity of any significant transaction, such as payment of a dividend, acquisition of a new business, and purchase of capital assets, is considered prior to the transaction being approved.

The Group does not currently have any derivative financial instruments.

Liquidity risk table

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	EFFECTIVE INTEREST RATE %	LESS THAN 1 MONTH $'000	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	5+ YEARS
2018						
Non-interest bearing -trade creditors	nil	605	-	-	-	-
Borrowings	3.7%	-	-	-	20,000	-
		605	-		**20,000**	-
2017						
Non-interest bearing -trade creditors	nil	1,858	-	-	-	-
Borrowings	3.2%	-	-	-	15,000	-
		1,858	-	-	15,000	-

The Group has financial guarantee contracts in place relating to its lease obligations. At the year end it was not probable that the counterparty to the financial guarantee contracts will claim under the contracts. Consequently, the amount included in the above table is nil (2017: nil). The maximum amount payable under these guarantees is $2,173,000 (2017: $2,173,000).

(h) Financing facilities

	2018 $'000	2017 $'000
Bank drawdown facility		
Amount used	**20,000**	15,000
Amount unused	**20,000**	15,000
	40,000	30,000

ACCOUNTING POLICIES

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group does not have any financial assets classified as at 'fair value through profit or loss' or 'held-to-maturity'. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Available-for-sale financial assets

Equities and investments in managed investment schemes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in the basis of preparation to these financial statements. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, investment market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Classification as debt or equity

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated at fair value through the profit and loss, are subsequently at the higher of:

- the amount of the obligation under the contract, as determined under AASB 137 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with the revenue recognition policies.

Other financial liabilities

The financial liabilities of the Group are classified as other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

EMPLOYEE RELATED DISCLOSURES

22 KEY MANAGEMENT PERSONNEL REMUNERATION

	2018 $'000	2017[1] $'000
The aggregate compensation made to key management personnel of the Company and the Group is set out below:		
Short-term employee benefits	**4,473**	4,571
Post-employment benefits (Superannuation)	**213**	285
Other long-term benefits	**32**	2
Share awards	**612**	312
	5,330	5,170

[1]Prior year comparative information for key management personnel has been restated to include both Executives and Directors of the Group.

Full details of the remuneration of key management personnel for the year ended 30 June 2018 are outlined in the Directors' Report. The share awards of key management personnel for the year ended 30 June 2018 are outlined in the Directors' Report.

23 EMPLOYEE BENEFITS

	2018 $'000	2017 $'000
The aggregate employee benefits liability recognised and included in the financial statements is as follows:		
Provision for employee benefits:		
Current (note 10)		
Annual leave	**1,848**	1,893
Long service leave	**249**	243
Bonus	**4,750**	2,835
Directors' retiring allowance	**-**	58
	6,847	5,029
Non-current (note 10)		
Long service leave	**1,586**	1,505
	8,433	6,534

The above employee benefit provisions are the Directors' best estimate of the future outflow of economic benefits that will be required to settle these future payment obligations.

ACCOUNTING POLICIES

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and Directors' retiring allowance when it is probable that settlement will be required and they are capable of being measured reliably. The Directors' retiring allowance was frozen and closed to new participants as at 31 December 2005 except for an annual inflation adjustment in line with the movement in CPI. There are no remaining participants in the Directors' retiring allowance plan.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

24 EMPLOYEES

Average number of Group employees for the year was 241 (2017: 244).

COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

25 COMMITMENTS FOR EXPENDITURE

	2018 $'000	2017 $'000
Capital expenditure commitments		
Not longer than 1 year	-	-
Plant and equipment		
Not longer than 1 year	-	2,537

Operating lease commitments

The Group has operating leases relating to leases of office premises with lease terms of between 1 and 10 years. The leases are subject to annual rent reviews.

The Group has a number of equipment leases with expiry dates occurring in 2018 and 2019. These leases have minimum monthly lease payments.

	2018 $'000	2017 $'000
Non-cancellable operating lease payments		
Not longer than 1 year	**1,871**	1,858
Longer than one year and not longer than five years	**7,016**	8,190
Longer than five years	**5,169**	6,407
	14,056	16,455

The Group has no onerous lease contracts.

There are no non-cancellable operating sub-leases (2017: no non-cancellable operating sub-lease).

26 CONTINGENT LIABILITIES AND ASSETS

The ATO has reviewed the tax treatment of an acquisition made by the Group in the 2011 financial year that gave rise to a right to future income deduction. At the time, the Group received tax advice that the tax deduction was allowable, and accordingly was, and remains of the opinion that the tax deduction has been correctly calculated and claimed.

Following their review of the tax treatment, the ATO issued amended income tax assessments to the Group in late September 2017, which disallowed the deduction previously claimed.

Upon receipt of the amended assessments, the Group initiated a formal objection process with the ATO. This objection process is still underway and accordingly the ultimate outcome of the ATO review is not yet known.

The possible outflow that may occur as a result of this matter is in the range of nil to $2.2m. Although the objection process is underway, in accordance with legal requirements, the Group made a payment of 50% of the primary tax in dispute ($783,570) then owing to the ATO in November 2017 on a without prejudice basis. The amount has been recognised as a current tax asset in the Statement of Financial Position as at 30 June 2018.

The Group continues to be of the view that this obligation will not ultimately be payable and therefore no other amounts are recognised in these financial statements in relation to this matter.

Apart from the above, there are no other contingent liabilities (2017: nil).

There are no contingent assets (2017: nil).

27 SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years (2017: nil).

OTHER DISCLOSURES

28 RELATED PARTY DISCLOSURES

Parent Entity

The parent entity, ultimate Australian parent entity and ultimate parent entity is EQT Holdings Limited.

Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 30 to the financial statements.

The Company does not hold any interests in associates, joint ventures or other related parties.

Transactions with key management personnel

(a) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 22 to the financial statements and in the Directors' Report.

(b) Loans to key management personnel

The Group had nil key management personnel loans as at 30 June 2018 (2017: nil).

(c) Director and key management personnel equity holdings

Director and key management personnel relevant interests in fully paid ordinary shares of EQT Holdings Limited are disclosed in the Directors' Report.

(d) Entitlements to shares of Equity Trustees Limited issued under the Executive Performance Share Plan 1999.

Details of entitlements to EQT Holdings Limited shares issued under the Executive Performance Share Plan 1999 are disclosed in the Directors' Report.

(e) Vested shares awards

Details of vested share awards are disclosed in the Directors' Report.

(f) Other transactions with key management personnel

Some Directors, key management personnel and their associates have investments in managed investment schemes for which a Group subsidiary acts as responsible entity. These investments are made at arms length and in the ordinary course of business. Some Directors, key management personnel and their associates receive wealth management, superannuation and other financial services from the Group. These services are provided at arms length and in the ordinary course of business except that the Directors, key management personnel and their associates are entitled to receive the normal available staff discount or other customary discount available in relation to size of business.

During the year Ms Williams was a director of Victorian Funds Management Corporation (VFMC), and Defence Health (DH), which, on behalf of VFMC and DH clients, invests in various managed investment schemes, some of which have a Group subsidiary company as responsible entity. In her role as director of VFMC and DH, Ms Williams was not actively involved in investment selections or the appointment of the subsidiary company as responsible entity to managed investment schemes in which VFMC and DH invested.

Ms O'Donnell is a director and is on the Investment, Audit and Risk Committee of the Winston Churchill Memorial Trust, which invests in a managed investment scheme, which has a Group subsidiary company as responsible entity. The investment in the managed investment scheme was undertaken before Ms O'Donnell became involved with the Trust. The Trust is advised by an independent investment manager. Ms O'Donnell does not participate in investment decisions relating to the managed investment scheme and was not actively involved in the appointment of the subsidiary company as responsible entity to the managed investment scheme.

There were no other related party transactions between the Group or the parent entity and key management personnel or their related entities apart from the above (2017: nil).

Transactions with subsidiaries

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The Company has an interest free intercompany account with its subsidiary Equity Trustees Limited. The amount owed by the Company to this subsidiary at 30 June 2018 was $419,000 (2017: $3,545,000). The Company has an interest free intercompany account with its subsidiary EQT Responsible Entity Services Limited. The amount owed by this subsidiary to this Company at 30 June 2018 was $293,000 (2017: nil). The Company has an interest free intercompany account with its subsidiary EQT Services Limited. The amount owed by this subsidiary to this Company at 30 June 2018 was $219,000 (2017: nil). The Company has an interest free intercompany account with its subsidiary EQT International Holdings (UK) Limited. The amount owed by this subsidiary to this Company at 30 June 2018 was $103,000 (2017: nil). The Company did not have amounts owing to it or by it with any of its other subsidiaries year end (2017: nil).

The Company and its Australian resident controlled entities have entered into a tax sharing arrangement, as disclosed in note 4.

All transactions between the Company and its controlled entities took place on normal commercial terms and conditions.

Investments in Managed Investment Schemes

As at 30 June 2018 and 30 June 2017, the Group had investments in managed investment schemes where a Group subsidiary acts as responsible entity, these investments were on an arms length basis.

Apart from the above, there were no other transactions with related parties.

29 PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as follows:

Investments in subsidiaries are accounted for at cost. Dividends received from subsidiaries are recognised in profit or loss when the right to receive the dividend is established (and it is probable that the economic benefits will flow to the parent and the amount of income can be measured reliably).

Details regarding the tax consolidated group and tax sharing arrangements are in note 4.

FINANCIAL POSITION	2018 $'000	2017 $'000
Assets		
Current assets	**7,640**	8,911
Non-current assets	**257,685**	245,349
Total assets	**265,325**	254,260
Liabilities		
Current liabilities	**4,951**	4,642
Non-current liabilities	**20,000**	15,000
Total liabilities	**24,951**	19,642
Net assets	**240,374**	234,618
Equity		
Issued capital	**238,633**	234,586
Other reserves	**1,148**	-
Retained earnings	**593**	32
Total equity	**240,374**	234,618
FINANCIAL PERFORMANCE		
Profit for the year	**15,920**	13,183
Other comprehensive income	**-**	-
Total comprehensive income	**15,920**	13,183

Contingent liabilities of the Parent entity

The parent entity is the head entity in the tax-consolidated group. As stated in note 26, the ATO reviewed the tax treatment of an acquisition made by the Group in the 2011 financial year that gave rise to a right to future income deduction. At the time, the Group received tax advice that the tax deduction was allowable, and accordingly was, and remains of the opinion that the tax deduction has been correctly calculated and claimed.

Following their review of the tax treatment, the ATO issued amended income tax assessments to the Group in late September 2017 which disallowed the deduction previously claimed.

Upon receipt of the amended assessments, the Group initiated a formal objection process with the ATO. This objection process is still underway, and accordingly the ultimate outcome of the ATO review is not yet known.

The possible outflow that may occur as a result of this matter is in the range of nil to $2.2m. Although the objection process is underway, in accordance with legal requirements, the Group made a payment of 50% of the primary tax in dispute ($783,570) then owing to the ATO in November 2017 on a without prejudice basis. The amount has been recognised as a current tax asset in the Statement of Financial Position as at 30 June 2018.

The Group continues to be of the view that this obligation will not ultimately be payable and therefore no other amounts are recognised in these financial statements in relation to this matter.

Apart from the above, there are no contingent liabilities (2017: nil).

Commitments of the Parent entity

The parent entity has no commitments for capital expenditure (2017: nil).

30 SUBSIDIARIES

NAME OF ENTITY	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP 2018	2017
Parent entity				
EQT Holdings Limited	Holding Company	Australia		
Subsidiaries				
Equity Trustees Limited	Financial services	Australia	100%	100%
Equity Trustees Wealth Services Limited	Financial services	Australia	100%	100%
Equity Trustees Superannuation Limited	Financial services	Australia	100%	100%
EQT Responsible Entity Services Ltd	Financial services	Australia	100%	-
EQT International Holdings Ltd (formerly Equity Investment Management Limited)	Financial services	Australia	100%	100%
EQT International Holdings (UK) Ltd	Financial services	United Kingdom	100%	-
Equity Trustees (UK & Europe) Ltd. (formerly Treasury Capital Ltd)	Financial services	United Kingdom	60%	-
Treasury Capital Fund Solutions Ltd	Financial services	United Kingdom	60%	-
EQT Corporate Securities Limited	Financial services	Australia	100%	-
EQT Securitisation Services Pty Ltd	Financial services	Australia	100%	100%
EQT Australia Pty Ltd	Financial services	Australia	100%	100%
EQT Structured Finance Services Pty Ltd (formerly EQT Aged Care Services Pty Ltd	Financial services	Australia	100%	100%
Equity Nominees Limited	Financial services	Australia	100%	100%
EQT Services Pty Ltd	Corporate services	Australia	100%	100%
EQT Legal Services Pty Ltd	Incorporated legal practice	Australia	100%	100%
Non-trading subsidiaries				
Equity Superannuation Management Pty Ltd	Non-trading	Australia	100%	100%
Equity Superannuation Administration Pty Ltd	Non-trading	Australia	100%	100%
Super.com Pty Ltd	Non-trading	Australia	100%	100%
Super.com.au Pty Limited	Non-trading	Australia	100%	100%
Apex Super Pty Ltd	Non-trading	Australia	100%	100%
Simple Wrap Pty Ltd	Non-trading	Australia	100%	100%

EQT Holdings Limited is the head entity within the tax-consolidated group.

All the above Australian incorporated subsidiaries are members of the tax-consolidated group.

Information about the composition of the group at the end of the year is as follows:

PRINCIPAL ACTIVITY	PLACE OF INCORPORATION AND OPERATION	NUMBER OF WHOLLY-OWNED SUBSIDIARIES 2018	NUMBER OF WHOLLY-OWNED SUBSIDIARIES 2017
Holding Company	Australia	1	1
Financial services	Australia	13	3
Aged care services	Australia	-	1
Corporate services	Australia	1	1
Incorporated legal practice	Australia	1	1
Non-trading	Australia	6	9

Significant restrictions

The Company has no significant restrictions (2017: No significant restrictions).

ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Australian Accounting Standards).

31 DEED OF CROSS GUARANTEE

EQT Holdings Limited and certain wholly owned entities as listed below, have entered into a Deed of Cross Guarantee, effective 27 June 2018. The effect of the Deed of Cross Guarantee is that EQT Holdings Limited has certain obligations in relation to the debts of any of the wholly owned entities in the event of a wind up of any of those subsidiaries, in accordance with the *Corporations Act 2001*. Each of the wholly owned entities have provided a corresponding guarantee to EQT Holdings Limited, in the event of that Company's winding up.

By entering into the Deed of Cross Guarantee, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

The wholly owned entities subject to the Deed of Cross Guarantee are as follows:

- EQT International Holdings Limited
- EQT Services Pty Limited
- Equity Nominees Limited

A consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income, for each of the entities that is party to the Deed of Cross Guarantee is as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2018 $'000
Current assets	
Cash and cash equivalents	5,401
Trade and other receivables	1,321
Prepayments	1,060
Other financial assets	374
Total current assets	8,156
Non-current assets	
Other financial assets	11,380
Intangible assets	615
Deferred tax assets	1,229
Investments in subsidiaries	257,504
Total non-current assets	270,728
Total assets	278,884
Current liabilities	
Trade and other payables	542
Provisions	7,539
Other current liabilities	666
Current tax payable	4,454
Total current liabilities	13,201
Non-current liabilities	
Provisions	2,384
Borrowings	20,000
Other non-current liabilities	2,507
Total non-current liabilities	24,891
Total liabilities	38,092
Net assets	240,792
Equity	
Issued capital	238,633
Other reserves	1,148
Retained earnings	1,011
Equity attributable to owners of the Company	240,792
Non-controlling interest	-
Total equity	240,792

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2018 $'000
Revenue	**68,040**
Expenses	**(52,465)**
Finance costs	**(801)**
Depreciation and amortisation	**(75)**
Profit before income tax expense	**14,699**
Income tax expense	**(454)**
Profit for the period	**14,245**
Other comprehensive income	**14,245**

32 AUDITORS' REMUNERATION

AUDITORS - DELOITTE TOUCHE TOHMATSU	2018 $'000	2017 $'000
Corporate entities		
Audit & Assurance Services		
Audit and review of the consolidated financial statements	**280**	286
Audit services in accordance with regulatory requirements	**65**	65
	345	351
Other services - recurring		
Tax compliance services in respect of Group corporate entities	**36**	12
Other services – non-recurring		
Tax services relating to uncertain tax positions (note 26)	**222**	214
Tax due diligence relating to acquisitions	**213**	82
Other	**37**	126
	508	434
Total remuneration for corporate entities	**853**	795

The 'Other services' amounts paid to Deloitte Touche Tohmatsu are in accordance with the Company's auditor independence policy as outlined in the Corporate Governance Statement.

33 NEW AND AMENDED ACCOUNTING STANDARDS

Amendments to Australian Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new Accounting Standards, and amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB). These new Accounting Standards and amendments are mandatorily effective for accounting periods beginning on or after 1 July 2017, and are relevant for the current year end.

AASB 2016-2 *amendments to Australian accounting standards – disclosure initiative: amendments to AASB 107*	The group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The group's liabilities arising from financing activities consist of borrowings. A reconciliation between the opening and closing balances is provided in note 13. Consistent with the transition provisions of the amendments, the group has not disclosed comparative information for the prior period. Aside from the additional disclosure in note 13, the application of these amendments has had no impact on the group's consolidated financial statements.
AASB 2017-2 *amendments to Australian accounting standards – further annual improvements 2014-2016*	Amends AASB 12 *Disclosure of Interests in Other Entities* to clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of AASB 12 for such interests. The application of these amendments has had no effect on the group's consolidated financial statements as none of the group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.
AASB 1048 *interpretation of standards*	The group has applied the new principal version of AASB 1048 providing an up-to-date listing of Australian interpretations, including interpretation 22 *Foreign Currency Transactions and Advance Consideration* and interpretation 23 *Uncertainty Over Income Tax Treatments*. The application of these amendments has had no impact on the group's consolidated financial statements..

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, there were a number of Standards and Interpretations that were issued but not yet effective. The Standards and Interpretations issued but not yet effective that are relevant to the Group are listed below.

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*, AASB 2010-7 *Amendments to Australian Accounting Standards Arising from AASB 9 (December 2010)*, AASB 2014-1 *Amendments to Australian Accounting Standards (part e – financial instruments)*, and AASB 2014-7 *Amendments to Australian Accounting Standards Arising from AASB 9 (December 2014)*	1 January 2018	30 June 2019
AASB 15 *Revenue from Contracts with Customers*, AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*, AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*, and AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	1 January 2018	30 June 2019
AASB 16 *Leases*	1 January 2019	30 June 2020
AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-Based Payment Transactions*	1 January 2018	30 June 2019
AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*	1 January 2019	30 June 2020

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*	1 January 2019	30 June 2020
Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018	30 June 2019
Interpretation 23 *Uncertainty Over Income Tax Treatments* AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty Over Income Tax Treatments*	1 January 2019	30 June 2020

Impact of changes to Australian Accounting Standards and Interpretations

A number of Australian Accounting Standards and Interpretations are issued but are not effective for the current year end. The following existing Group accounting policies will change on adoption of these pronouncements:

AASB 9 *Financial Instruments*

AASB 9 (issued December 2009) introduced new requirements for the classification and measurement of financial assets. AASB 9 was subsequently amended in December 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in December 2013 to include new requirements for general hedge accounting. A further revised version of AASB 9 was issued in December 2014 to include: (a) Impairment requirements for financial assets, and (b) Limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at either amortised cost or fair value. Specifically:

- Debt investments that are held within a business model whose objective is to collect contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods;
- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI; and
- All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under AASB 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

For measurement of financial liabilities designated as at fair value through profit or loss, AASB 9 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under AASB 139 Financial Instruments: Recognition and Measurement, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model, as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

The revised general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in AASB 139. Under AASB 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'.

Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

AASB 9 applies to annual periods beginning on or after 1 January 2018. Having reviewed the financial information of the Group, based on the current activities of the Group, the Directors do not consider that the application of AASB 9 will have a material impact on the amounts reported as financial assets and financial liabilities in the Group financial statements.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations, when it becomes effective.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

AASB 15 contains prescriptive guidance to deal with specific revenue scenarios. Furthermore, extensive disclosures are required by AASB 15.

The Group's main sources of revenue arise through the provision of financial services to clients. These financial services include:

- traditional trustee services (incorporating estate executorship and administration services, as well as trust management and philanthropy services);
- estate planning;
- responsible entity services;
- superannuation trustee services; and
- investment management.

In accordance with the revenue recognition policies described in these financial statements, revenue is typically recognised as these services, or using the terminology of the new Standard, as the performance obligations are delivered. Based on the Directors' assessment of the impact of the application of AASB 15 on the Group's financial statements, the Directors' current view is that the application of the new standard will require additional disclosures describing in greater detail the revenue recognition process for the Group's revenue types, but will otherwise not have a material impact on the Group results.

The Directors are still in the process of assessing the full impact of the application of AASB 15 on the Group's financial statements. As a result, the above preliminary assessment is subject to change. The Directors do not intend to early adopt the standard and intend to use the full retrospective method upon adoption.

AASB 16 *Leases*

AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 *Leases* and related interpretations when it becomes effective.

AASB 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability must be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under AASB 117 are presented as operating cash flows; whereas under the AASB 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, AASB 16 substantially carries forward the lessor accounting requirements in AASB 117, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As at 30 June 2018, the Group has $14,791,000 of non-cancellable operating lease commitments. AASB 117 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 25. A preliminary assessment indicates that these arrangements will meet the definition of a lease under AASB 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all its leases, unless they qualify for low value or short-term leases upon the application of AASB 16. Accordingly, the application of AASB 16 is expected to have an impact on the amounts recognised in the Group financial statements.

The Group is currently assessing the full impact of the application of AASB 16, and it is not practicable to provide a reasonable estimate of the full impact until the Directors complete their review.

AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

AASB 2016-5 clarifies the treatment of vesting and non-vesting conditions for cash-settled share-based payments, net settlement features relating to employee tax obligations, and the correct process to account for modifications to share-based payments that result in changes in the nature of the arrangement from one which is cash-settled, to one which is equity-settled.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The Directors do not anticipate that the application of the amendments in the future will have a significant impact on the Group's financial statements.

AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*

Amends AASB 9 *Financial Instruments* to clarify that particular financial assets with prepayment features that may result in reasonable negative compensation (i.e. a payment to the borrower) for the early termination of the contract are eligible to be measured at amortised cost or at fair value through other comprehensive income (depending upon the entity's business model). As a result, entities may adopt this approach when on the early termination of the contract a party may pay or receive reasonable compensation for that early termination.

It also clarifies the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The amendments clarify that an entity recognises any` adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange.

The amendments apply to annual reporting periods beginning on or after 1 January 2019 and apply on a modified retrospective basis. The Directors do not anticipate that the application of the amendments will have a material impact on the Group's consolidated financial statements.

AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*

Makes amendments to the following Accounting Standards:

- AASB 3 *Business Combinations* to clarify that remeasurement of a previously held interest in a joint operation is required on obtaining control of that joint operation;
- AASB 11 *Joint Arrangements* to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business;
- AASB 112 *Income Taxes* to clarify the requirements surrounding when the tax consequences of distributions should be recognised in income tax expense rather than retained earnings; and
- AASB 133 *Borrowing Costs* to clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments apply to annual reporting periods beginning on or after 1 January 2019 and generally apply on prospective basis. The Directors do not anticipate that the application of the amendments will have a material impact on the Group's consolidated financial statements.

Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

Interpretation 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The Directors do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

Interpretation 23 *Uncertainty over Income Tax Treatments* AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*

Interpretation 23 clarifies the accounting for uncertainties in income taxes.

The Interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts'), when there is uncertainty over income tax treatments under AASB 112 *Income Taxes*.

The Interpretation requires an entity to:

- use judgment to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together;
- assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so;

- determine tax amounts on a basis that is consistent with the tax treatment included in its income tax filings if an entity concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities; and
- determine tax amounts using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainty) if an entity concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.

The Interpretation applies to annual reporting periods beginning on or after 1 January 2019 and applies on a modified retrospective basis. The Directors do not anticipate that the application of the Interpretation will have a material impact on the Group's consolidated financial statements.

Other than as noted above, the future adoption of the various Australian Accounting Standards and Interpretations that are issued but not yet effective is not expected to have a material impact the Group's accounting policies. However, the future adoption of these pronouncements may result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective date.

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Independent Auditor's Report to the Members of EQT Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EQT Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Intangible Assets	
As at 30 June 2018 the Group's intangible assets including goodwill and management rights represent the largest category of assets with a carrying value of these intangible assets totalling $209.7m, and represents around 67.2% of the total assets of the consolidated Group. As disclosed in Note 7 and 8, the intangible assets are allocated to two cash-generating units (CGUs) which are tested separately for impairment. Management conducts annual impairment tests to assess the recoverability of the carrying value of assets. This is performed using discounted cash flow models. There are a number of significant judgements made in determining the inputs into these models including: • revenue and expense growth rates; • operating margins; and • applicable discount rates.	In conjunction with our valuation specialists our procedures included, but were not limited to: • challenging managements identification of the CGUs, including the allocation of goodwill and property, plant and equipment and the associated identification and allocation of cash flows for the purposes of assessing the recoverable amount of the CGUs; • obtaining an understanding of the key controls associated with the preparation of the discounted cash flow model used to assess the recoverable amount of the Group's CGUs; • critically evaluating management's methodologies and their documented basis for key assumptions utilised in the discounted cash flow model; • challenging the key assumptions utilised in the discounted cash flow model including the revenue and expense growth rates, the terminal growth rate and the discount rate by comparing them to historical results, economic and other forecasts; • recalculating the mathematical accuracy of the discounted cash flow model, agreeing budgeted cash flows to the latest Board approved budget and assessing the performance against budget/forecasts in prior periods; and • performing sensitivity analysis around the key assumptions including the revenue and expense growth rates, the terminal growth rate used and the discount rate applied. We also assessed the appropriateness of the disclosures included in Notes 7, 8 and the notes on Critical Judgements and Uncertainty to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Managing Director's Statement and Directors' Report, which we obtained prior to the date of this auditor's report. The other information also includes the other documents which will be included in the Annual Report (but does not include the financial report, the remuneration report and our audit report thereon), which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information in the Annual Report which we have not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

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report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report of the Group included in pages 30 to 42 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M Stretton

Mark Stretton
Partner
Chartered Accountants

Melbourne, 22 August 2018

ADDITIONAL SHAREHOLDER INFORMATION

The following information was applicable as at 16 August 2018.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders in the Company, as disclosed in substantial shareholding notices given to the Company are:

	DATE OF LAST NOTICE	SHAREHOLDING	% OF ISSUED CAPITAL SHOWN IN NOTICE
Regal Funds Management Pty Limited	07/05/2018	1,367,218	6.72
Australian Foundation Investment Company Limited	29/04/2016	1,303,232	6.53
UBS Group AG and its related bodies corporate	11/07/2018	1,247,303	6.13
Avoca Investment Management Ltd	07/03/2018	1,164,756	5.74
Bank of America Corporation and its related bodies corporate	21/03/2018	1,019,174	5.03

CLASS OF SHARES AND VOTING RIGHTS

As at 16 of August 2018, there were 2400 holders of the ordinary shares of the Company.

The voting rights attaching to the ordinary shares are set out in clause 41 of the Company's constitution. In summary, on a show of hands, every member present in person or by attorney or by proxy or by representative shall have one vote. Where more than one proxy, representative or attorney is appointed, none may vote on a show of hands. Where a person is entitled to vote in more than one capacity, that person is entitled only to one vote.

Upon a poll, every member present in person or by attorney or by proxy or by representative shall have one vote for every share held by the member.

At 16 of August 2018, there were share entitlements over 133,592 unissued ordinary shares. There were six holders of share entitlements. There are no voting rights attached to the unissued ordinary shares.

DISTRIBUTION OF SHARES

SIZE OF HOLDING	HOLDERS OF ORDINARY SHARES
1 – 1000*	1,163
1001 – 5000	879
5001 – 10,000	209
10,001 – 100,000	131
100,001 and over	18
	2,400

*There were 74 shareholders holding less than a marketable parcel ($500) of ordinary shares based on the closing market price of $21.00 at 16 of August 2018.

20 LARGEST SECURITY HOLDERS AS AT 16 AUGUST 2018

20 LARGEST SHAREHOLDERS		NO. OF SHARES	%
1.	HSBC Custody Nominees (Australia) Limited	3,223,455	15.84
2.	National Nominees Limited	2,330,625	11.46
3.	J P Morgan Nominees Australia Limited	1,936,346	9.52
4.	Australian Foundation Investment Company Limited	1,321,612	6.50
5.	Citicorp Nominees Pty Limited	1,160,059	5.70
6.	Milton Corporation Limited	500,697	2.46
7.	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	445,721	2.19
8.	Mirrabooka Investments Limited	329,327	1.62
9.	BNP Paribas Noms Pty Ltd <DRP>	319,974	1.57
10.	Superdeck Pty Ltd <D K C & E Groves S/Fund A/C>	305,217	1.50
11.	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	232,100	1.14
12.	BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	231,317	1.14
13.	UBS Nominees Pty Ltd	222,276	1.09
14.	Amcil Limited	221,569	1.09
15.	BKI Investment Company Limited	185,054	0.91
16.	Mr Leonard Clive Keyte	151,487	0.74
17.	Equity Nominees Limited <No 2 Account>	129,787	0.64
18.	Mr James Gordon Maxwell Moffatt	109,201	0.54
19.	KJE Superannuation Pty Ltd <KJE Superannuation S/F A/C>	93,552	0.46
20.	HSBC Custody Nominees (Australia) Limited - A/C 2	72,548	0.36
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**13,521,924**	**66.46**
Total remaining holders balance		**6,822,813**	**33.54**

UNQUOTED SECURITIES

The share rights on issue were issued as part of an employee awards plan and are unquoted.

RESTRICTED SECURITIES

There were no restricted securities as at 16 of August 2018.

ON-MARKET BUY-BACK

There is no current on-market buy-back.