Equity Trustees

TRUST.

IT'S OUR BUSINESS.

2019 ANNUAL REPORT

AUSTRALIA'S LEADING TRUSTEE COMPANY

Equity Trustees was established in 1888 for the purpose of providing independent and impartial Trustee and Executor services to help families throughout Australia protect their wealth. As Australia's leading specialist trustee company, we offer a diverse range of services to individuals, families and corporate clients including asset management, estate planning, trust management, philanthropic services and corporate fiduciary services for investment and superannuation funds.

Equity Trustees is the brand name of EQT Holdings Limited (ABN 22 607 797 615) and its subsidiary companies. It is a publicly listed company on the Australian Securities Exchange (ASX: EQT) with offices in Melbourne, Bendigo, Sydney, Brisbane, Perth, London and Dublin.

CONTENTS

FINANCIAL HIGHLIGHTS

REVENUE

$92.5m

INCREASE 4.6%

NET PROFIT AFTER TAX (NPAT)

$22.2m

INCREASE 12.7%

FUMAS

$84.9b

DECREASE 1.5%

SHARE PRICE AS AT 30 JUNE 2019

$29.60

DIVIDEND PER SHARE (FULLY FRANKED) (FULL YEAR)

90cents

INCREASE 9.8%

Delivering for all stakeholders

IMPROVING CLIENT SATISFACTION

NET PROMOTER SCORE

+14 ▲ 2

NET LOYALTY SCORE

+17 ▲ 2

See page 18

LIFTING EMPLOYEE ENGAGEMENT

ENGAGEMENT

70% ▲ 3% points

ENABLEMENT

76%

See page 20

GROWING SHAREHOLDER VALUE

108.61 cents ▲ 11.7%

EPS

See page 8

DEEPENING COMMUNITY IMPACT

DISTRIBUTIONS

$124.3m

See page 22

FROM THE CHAIRMAN

"Notwithstanding this challenging environment, Equity Trustees' strong foundations and resilience have underpinned our delivery of double-digit profit growth and enhanced shareholder returns."

PERFORMING STRONGLY IN A YEAR OF CHANGE

I am pleased to report that Equity Trustees has performed strongly in a year of challenges for the financial services industry.

Wealth management is undergoing unprecedented change, driven by issues exposed by the financial services Royal Commission. Industry upheaval has seen increased regulatory oversight, greater caution by investors and money managers, and ongoing market volatility. We are operating in an environment of sustained, low interest rates and heightened concern around the international economic order.

Notwithstanding this challenging environment, Equity Trustees' strong foundations and resilience have underpinned our delivery of double-digit profit growth and enhanced shareholder returns.

The environment also presents significant opportunities for the company. Our focus on being Australia's leading trustee company and putting our clients' best interests first is increasingly attractive. The wealth management industry is putting a higher value on trust and independence, something on which we pride ourselves. All parts of the business are growing, and we are continuing to invest.

This means our future continues to be promising.

GOOD GOVERNANCE

During the year I had the opportunity to meet with the key financial system regulators, APRA and ASIC, to discuss issues facing the industry and our company. This provided valuable insight into their priorities. We also confirmed our commitment to excellence in governance, a critical task when our business is all about trust.

Good governance requires a strong, stable Board with a diversity of expertise. In December 2018 we appointed a new non-executive director, Tim Hammon, bringing a valuable mix of commercial, not for profit and legal expertise to the Board. James (Jim) Minto, who was appointed to the Board in 2017, has been appointed as Deputy Chair, and in February we appointed Sue Everingham to the Equity Trustees Superannuation Board.

PEOPLE ARE OUR GREATEST ASSET

I have often said that people are our greatest asset. Recognising the importance of their health and wellbeing, it has been very satisfying to see Equity Trustees recognise the importance of their health and wellbeing, developing our wellness program for all employees. Our program promotes mental health, physical activity and leave policies to help employees take care of themselves and maintain balance in their lives.

STAKEHOLDER RETURNS

The financial results delivered to shareholders this year were very positive, with double digit profit growth and a higher dividend. Equity Trustees has been consistent in its performance, this being the third consecutive year that we have reported increased profits and dividends.

Importantly, we have achieved these results while balancing the needs of all key stakeholder groups – our clients and beneficiaries, our employees, our shareholders and our community. Our focus on all stakeholders has held the company in good stead.

MAKING A DIFFERENCE

Philanthropy and the ability to make a difference continue to be a priority for Equity Trustees. Our 12-month 'Living Forever' campaign in a national newspaper, featuring 12 former clients, provided an opportunity to feature the stories of people who had the foresight over the past century (or more) to invest in the future for the benefit of the community. As part of my personal interest in and commitment to philanthropy, I wrote a number of articles about the benefits of philanthropy to encourage more people to consider establishing a charitable trust.

Equity Trustees has also been active in public issues throughout the year. We played a leading role in ensuring the Electoral Funding and Disclosure Reform Bill was revised in November 2018, to prevent it from detrimentally impacting the charitable sector. More recently, we participated in Philanthropy Australia's support for the objectives of the Uluru Statement from the Heart.

I have spent a considerable amount of time with our clients and partners this year, including engaging with our private clients and the for-purpose sector to help build connections between the sector and philanthropists. Our events have featured a number of people performing outstanding work, including Professor Patrick McGorry AO, Adam Goodes – both Australians of the Year – and mental health advocate Alastair Campbell.

A UNIQUE COMPANY

Equity Trustees is a unique company that depends on the ability of leadership – the Board and the Executive team – to carefully balance and prioritise the needs of all stakeholders. We have delivered solid results to shareholders this year, and we remain committed to ensuring that we serve, and retain the trust of all of our stakeholders.

On behalf of the Board I would like to thank our shareholders, employees, beneficiaries and clients, and our wider community, for your support. I look forward to another year of serving and delivering for you all.

THE HON. JEFFREY G KENNETT AC
Chairman

FROM THE MANAGING DIRECTOR

"...we have delivered a third year of double-digit growth in profit and an increased dividend for our shareholders."

STRONG PERFORMANCE

I'm delighted that we have delivered a third year of double-digit growth in profit and an increased dividend for our shareholders. Despite the challenges facing the industry during the year, our revenue was up 4.6% and expenses continued to be tightly managed.

The result for 2019 is particularly pleasing because we have improved in all four areas where we set ourselves targets – to improve client satisfaction, lift employee engagement, grow shareholder value and deepen our community impact.

Our performance was delivered principally through good organic growth and careful expense control. Net profit was 12.7% higher on 2018, while the final dividend of 46 cents took the full year payment to shareholders to 90 cents, a 9.8% increase on the previous year.

Each of our businesses performed well over the year.

TRUSTEE AND WEALTH SERVICES – PRIVATE CLIENTS

Our private client business continued to perform strongly, growing both its core and emerging markets businesses. During the year we began working with two new Indigenous trusts, where we are deeply committed to growing Indigenous wealth and opportunity. Our compensation trusts team continues to gain clients as our reputation in the health and personal injury sector grows.

It was also a landmark year in philanthropy, with our overall granting reaching an extraordinarily high $124.3 million. The philanthropy team was strengthened during the period and we released our first Annual Giving Review focusing on how we really increase our social impact.

TRUSTEE AND WEALTH SERVICES – SUPERANNUATION

We continued to build our Superannuation Trustee Office so that it could capture a market increasingly attracted to having an independent trustee. We completed the acquisition of Zurich Australian Superannuation in March 2019 and the significant merger of the Executive Superannuation Fund with the Aon Master Trust (now known as smartMonday). We were also appointed trustee to Australia's premier Islamic superannuation and investment fund, Crescent Wealth.

CORPORATE TRUSTEE AND FUND SERVICES

In the corporate division, we supported the successful raising of $1.2 billion in the listed market – two for Neuberger Berman and another for the Regal Funds Management. This is a growing area of business and we are a proven provider with a tested process. Globally, our fund services business continued to strengthen as we secured a licence in Ireland and opened our office in Dublin, a location of strategic significance given that Ireland is a key global centre for domiciling collective investment vehicles.

CLIENT FOCUS

We continued to work hard to improve our client service and are pleased that our third annual client satisfaction survey showed a marked improvement.

On the score that measures the likelihood of clients recommending Equity Trustees, we moved up two points to +14 after two years in a row of +12, while the score indicating likelihood to buy other products and services from us improved again. We will continue to use these tools and others to drive better client outcomes.

PEOPLE FIRST

Our focus in recent years of investing in our people continued to yield results, with a number of areas of the business now considered 'high performing' on engagement and enablement measures. There was a 3% point increase in engagement, placing Equity Trustees above the norm for the financial services sector.

This year we engaged all employees in a process to refresh our company values, to ensure they remain relevant and inspiring. The focus is now on three core values: trusted, accountable and empowering.

A number of senior appointments were made during the year, including those of Chief Risk Officer Owen Brailsford, Head of Asset Management Darren Thompson and Head of Australian Equities Chris Haynes. We are fast becoming an employer of choice.

STAYING FOCUSSED

Equity Trustees is a unique business with a singular focus. Trust is our business and we take this responsibility seriously, striving to be recognised for this most important characteristic among all our clients.

In a year in which the operating environment has been marked by significant change, we have responded by investing in people and technology to ensure we remain strong and worthy of the trust placed in us as an independent, specialist trustee.

Equity Trustees' time-honed culture and skills are becoming highly sought after in this evolving industry, presenting opportunities for growth organically and through partnerships and acquisitions.

The outlook for 2020-21 and beyond is positive, with attractive industry fundamentals, a growing business and a substantial pipeline of opportunities.

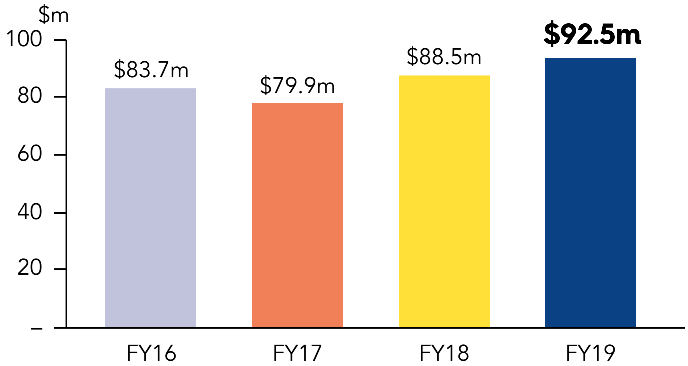
It is an honour to serve Equity Trustees and to care for our loyal clients and beneficiaries in the role of trustee. I would like to thank the Board for its support and all our employees for their hard work throughout the year.

MICHAEL (MICK) J O'BRIEN

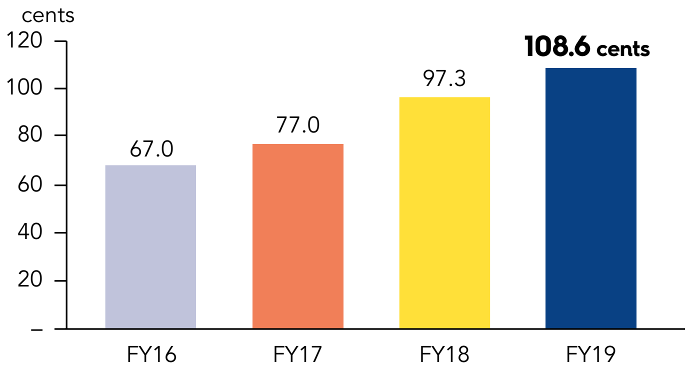
Managing Director

OUR STRATEGY IS WORKING

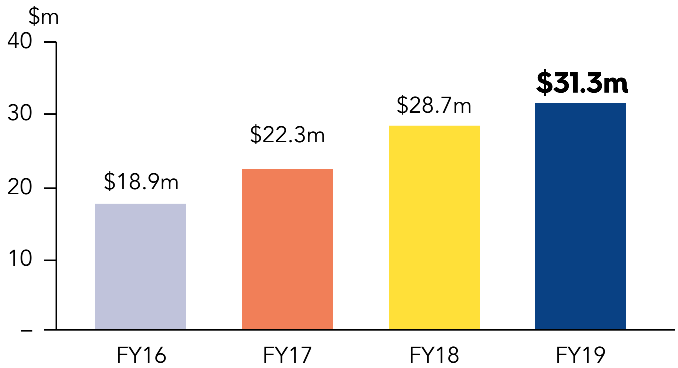
TOTAL REVENUE



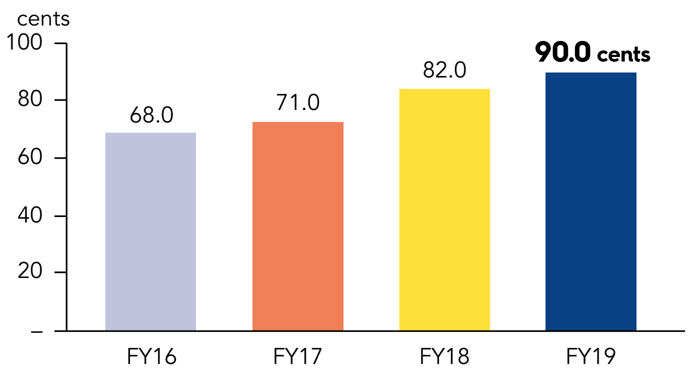
EARNINGS PER SHARE



NPBT



DIVIDENDS



Our strategy to be Australia's leading trustee company is delivering, with double-digit growth in profit for three consecutive years and consistently increasing returns to shareholders.

The changes taking place in the financial services environment continue to support our independent trustee model, with increased regulatory oversight and pressure on financial services providers to address conflicts delivering new clients and business opportunities.

All areas of the business performed strongly through the year, with recent acquisitions and partnerships also contributing. Net profit grew 12.7% to $22.2 million on revenue of $92.5 million, up 4.6%. Healthy cash flows, disciplined expense management and a strong balance sheet further underpinned this performance.

Our Australian business delivered strong organic growth, with TWS focusing on private clients and superannuation, and CTS providing responsible entity (RE) and other fiduciary services to existing and new fund managers. Our European expansion is on track with the securing of a number of large new US and UK fund manager clients, and we are well positioned for any Brexit outcome.

The outlook for 2020 and beyond is positive, with attractive industry fundamentals and a substantial pipeline of opportunities.

We're investing heavily to enable us to leverage these opportunities as they arise. This includes investing in our people, enhancing management and specialist capabilities across all levels of the business, strengthening the Board, and an increase in technology investment to ensure we have the systems in place to service our clients efficiently and improve their experience.

Equity Trustees' model of offering independent, trusted services is driving the group's success and we are well positioned to deliver further strong growth going forward.

TRUSTEE & WEALTH SERVICES

REVENUE CONTRIBUTION

$61.3m

FUMAS*

$16.8b

CHARITABLE TRUSTS

650

Trustee and Wealth Services (TWS) has produced another year of strong growth, with profit before tax increasing 9.9% to $18.1 million, on revenue of $61.3 million, up 2.8%.

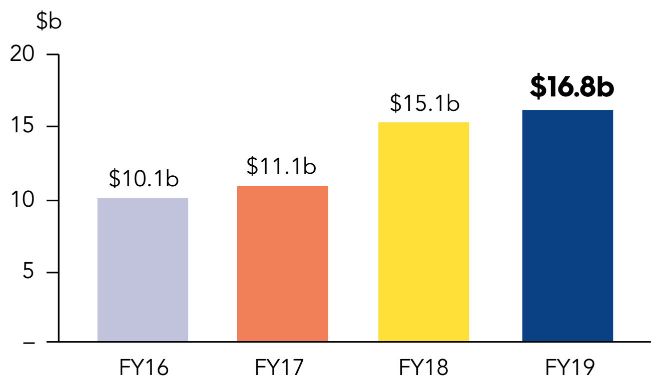
FUMAS continued to rise, increasing 11.3% to $16.8 billion, driven by good growth across our core services as well as the acquisition of Zurich Australian Superannuation Pty Ltd.

TWS encompasses both our private client and superannuation trustee businesses. Our private client business enjoyed growth across its core and emerging markets businesses, including estate planning and estate management, trust administration, financial advice and philanthropy.

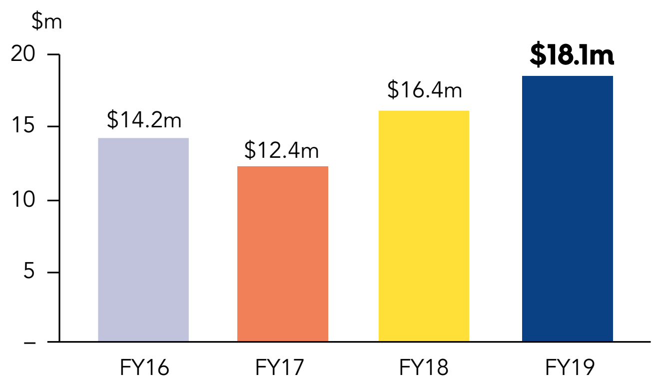
A particular focus this year has been on enhancing the experience of our clients and beneficiaries through service and technology improvements and investment in people. The expertise of our people continues to be a core strength underpinning the business, requiring high levels of care, judgement and knowledge. Technology also plays a critical role in servicing clients. We are investing heavily in both areas to maintain our edge and leverage new opportunities as they arise.

Superannuation trustee services reported particularly strong growth, with revenue up 10.5% to $13.1 million and FUMAS up 20.9%, driven primarily by the full year effect of the group's appointment as trustee of the smartMonday fund and the Zurich Master Superannuation Fund.

TWS FUMAS



TWS NPBT



*FUMAS: Funds under management, advice, administration and supervision

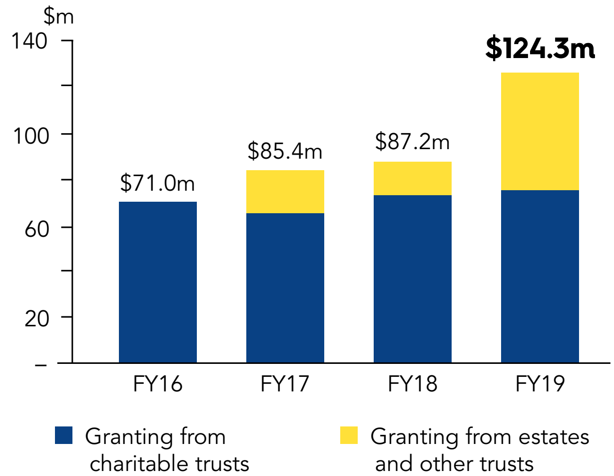
New York! New York! For Kids 2018, located at the National Gallery of Victoria, Melbourne, supported by the Truby and Florence Williams Charitable Trust.

GIVING MORE THAN EVER

The year has seen our philanthropy granting program grow to record heights with $124.3 million distributed, an increase of $37.1 million or 42.5% on 2018. We now distribute an annual volume of more than 3000 grants.

Our team of 17 dedicated professionals understands the challenges of addressing complex social needs and how to employ philanthropy to achieve maximum impact.

During the year the philanthropy brand was strengthened and we released our first Annual Giving Review. Read it online at www.eqt.com.au/givingreview



$30M GIFT TO THE GALLERY OF SOUTH AUSTRALIA

A highlight of the year was the very generous gift made to the Gallery of South Australia by James and Diana Ramsay. This was made possible through the James Stewart Ramsay Estate, established in 1996 with around $12 million. The Estate's income was for Diana's use and benefit until she died in 2017, after which instructions had been left that it be wound up and the balance, now $30 million, be used to establish the James and Diana Ramsay Fund and gifted to the Gallery of South Australia.

Inspired by the Alfred Felton Bequest (established in 1904 and supporting the National Gallery of Victoria to this day), James and Diana wanted to leave a legacy to support the arts in their state beyond their lifetime. James was a cousin of Janet Wicking (nee Ramsay) who, with husband John, established the Wicking Trust, another leading Australian charitable trust, showing that charitable intent runs in the family. Both the Felton Bequest and the Wicking Trust are managed by Equity Trustees.

GRANTS FROM CHARITABLE TRUSTS

$78.8m

BEQUESTS FROM ESTATES & TRUSTS

$45.5m

TOTAL & BEQUESTS GRANTS

$124.3m

TRUSTED TO CARE

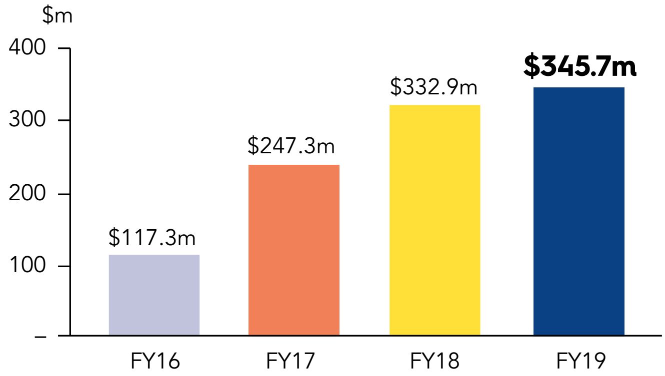
Compensation trusts is a growing service area for Equity Trustees in the health and personal injury sector.

When financial compensation is awarded by the courts, a trustee is often appointed to manage the funds for the recipient and to ensure they receive all they are entitled to under social security programs, including pensions and the NDIS.

The specialised, intensive trustee service provided by Equity Trustees has grown significantly, primarily because of our reputation among personal injury lawyers and legal and health advocates for putting our mutual clients' interests before all others.

This area of our trustee services is best understood through stories of what can be achieved when people are supported.

COMPENSATION TRUSTS FUMAS



STEM CELL HOPE FOR RUBEN

Ruben lives with cerebral palsy due to medical negligence at the time of his birth in 2012. In 2016 Ruben was awarded damages and we have worked with his parents Alaina-Lee and Shaun, and grandmother Sharlene, to ensure he has access to the complex mix of therapies and treatments required. This includes stem cell treatment that enables him to do things he has not been able to do previously, including speaking for the first time. It has also calmed him and improved his ability to walk upstairs and to climb.

Read more at www.eqt.com.au/Ruben

RECORD PAYOUT FOR CHRYS

In 2014, 26-year-old Chrys Barker was the driver of a car hit by a drunk driver. He was left with severe brain injuries and his parents, Betty and Allan, fought to keep him cared for at home rather than moving to an aged care facility. Chrys received a large personal injury insurance settlement. Equity Trustees manages all financial matters for Chrys while his family focuses on caring for him. This includes liaison with NDIS, adjustments to the family home to accommodate him, and a much-needed family holiday to the Gold Coast. Chrys is showing signs of improvement and is learning to write again thanks to being safe and cared for in his family environment.

Read more at www.eqt.com.au/Chrys

LACHLAN'S DREAM

Following medical negligence at his birth in 2007, Lachlan Kriedemann was awarded compensation in recognition of the challenges he would face in life. Lachlan needed a dog, not just for companionship but to help him with his nightly anxiety that meant one of his parents, Kerri-Ann or David, had to sleep on his bedroom floor. With support from Equity Trustees a Smart Puppy, Dream (pictured), was identified and trained to meet Lachlan's particular needs. Dream was integrated into the family when she graduated from training in March this year.

Read more at www.eqt.com.au/Lachlan

EMPOWERING RESPECTFUL PARTNERSHIPS

FUNDS UNDER MANAGEMENT

$55.3m

INCREASE 24.0%

COMMUNITY TRUSTS BENEFICIARIES

37,000

Our role as trustee, and sometimes as investment manager, is to help Aboriginal communities – typically distinguished by language group or Native Title claim – grow the corpus of their trust, generate income and distribute benefits across the community. Our focus is on empowerment and developing respectful partnerships. The business is growing, with several new partnerships established this year.

The $5 million Far West Coast Community Trust was established from the Iluka mine in 2010 to alleviate the poverty and distress of the members of the Far West Coast community. After investing in the development of capability and expertise, in November 2018 Equity Trustees handed over the role of trustee to the Far West Coast community themselves. It is now fully controlled and managed by the community, with Equity Trustees providing transition support and helping the new trustee manage its investment portfolio. A great example of empowerment.

KEEPING CULTURE ALIVE

With support from the Noongar Charitable Trust, managed by Equity Trustees, 'Sonnets in Noongar' was performed at the Globe Theatre in London to sell-out audiences. The project has expanded to leverage the popularity of Shakespeare to preserve the Noongar language – currently spoken by around 400 people – and now engages young people. A full production of *Macbeth* translated into Noongar is in production for 2020.

Read more about this project at www.eqt.com.au/sonnets

Young people involved in the Junior Sonneteers program – an extension of the Sonnets in Noogar initiative. Photo by Eva Fernandez.

SUPERANNUATION TRUSTEE OFFICE

FUNDS UNDER SUPERVISION

$8.1b

INCREASE 20.9%

TRUSTEE FOR

228,000

MEMBERS

Equity Trustees Superannuation Board (from left): Mark Blair, Tony Lally (Chairman), Sue Everingham, Mick O'Brien, Catherine Robson and Ellis Varejes.

VALUES-DRIVEN SUPER FUND

Equity Trustees was pleased to be appointed trustee of Crescent Wealth, Australia's premier Islamic super and investment fund. The fund offers responsible investment options and avoids investments in gambling, alcohol, tobacco, weaponry and interest-earning organisations in favour of healthcare, property and infrastructure, utilities, manufacturing and innovative industries.

Crescent Wealth's Board includes former Liberal Party leader and economist John Hewson AM, career banker Nicholas Whitlam, and Chair Emeritus Professor Diane Yerbury AO, a former Vice Chancellor and President of Macquarie University and CEO of The Australia Council.

Since its establishment in 2013, Crescent Wealth's superannuation fund has grown to around $250 million under Managing Director Talal Yassine OAM (pictured). They chose Equity Trustees because they were seeking a trustee service with strong values, high standards of governance and professional independent oversight, as well as good commercial knowledge of the market.

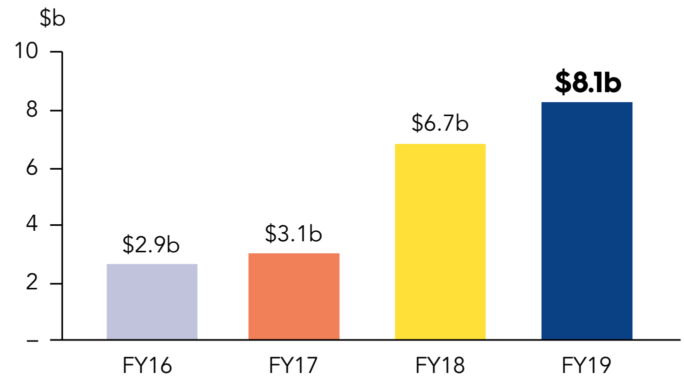
Our Superannuation Trustee Office experienced strong growth due to increasing demand for independent trustee services in a heightened risk-aware environment.

To support this growth we have invested in specialised skills and senior capability – with appointments including Sue Everingham to the Equity Trustees Superannuation Board, and senior management appointments – to boost our capability in the areas of client relationship, risk and compliance, claims and insurance.

Highlights for the year included the creation of a $5 billion superannuation fund branded smartMonday, by merging our Executive Superannuation Fund into the Aon Master Trust following our appointment as its trustee earlier in the year.

In March 2019 we finalised the purchase of Zurich Australian Superannuation Pty Ltd, which has more than $1 billion in funds under trusteeship and 18,000 members across traditional, accumulation and pension products. This acquisition has cemented our position as the leading provider of specialist independent superannuation trustee services in Australia.

FUS



CORPORATE TRUSTEE & FUND SERVICES

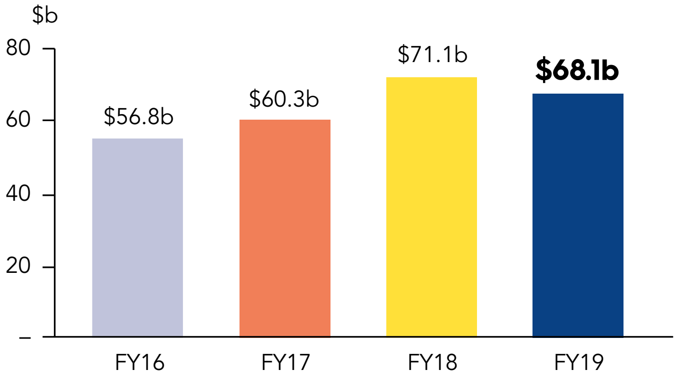
Corporate Trustee Services (CTS) provides a range of fund governance and trustee services for managed investment trusts and funds on behalf of local and international fund managers and sponsors, as well as specialised trustee services for corporates and structured multi-party transactions. CTS has offices in Australia, the United Kingdom and Ireland.

CTS delivered another year of growth, increasing profit before tax by 3.7% to $12.9 million. Headline revenue was up 8.9% to $30.1 million, supported by acquisitions and new clients. Underlying organic revenue increased by 4.4%.

The result was driven by a solid underlying performance in the core business, several new high-quality fund appointments, good activity in listed investment trusts and momentum building in the UK and Irish businesses.

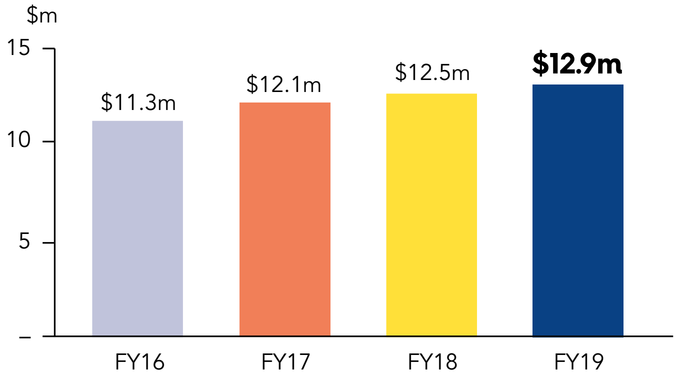
Funds under supervision (FUS) were down slightly at $68.1 billion, impacted in the first half by the loss of one client and another client's significant loss of mandates, but returned to a positive trajectory in the second half.

CTS FUS



Note: Excludes UK/Ireland client FUS

CTS NPBT



REVENUE CONTRIBUTION

$30.1m

INCREASE 8.9%

FUNDS UNDER SUPERVISION

$68.1b

FUND MANAGERS

127

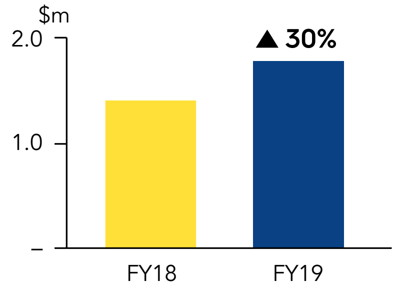
FUNDS

279

CORPORATE TRUST & SECURITISATION

Our corporate trust and securitisation business continued to show strong growth with increasing demand for our proven expertise as a professional corporate fiduciary in the areas of property trusts, custody, secured bonds, note programs, syndicated loans and securitisation. We now have around 60 clients, including global banks, global property developers, key arrangers and underwriters, with FY19 revenue of approximately $1.8 million.

REVENUE



Equity Trustees' global team (from left): Matt Bond (London), Erica Quinn (Dublin), Philip Gentry (Melbourne), Harvey Kalman (Melbourne), Tara Gordon (Dublin), Lisa Reynolds (London), Kevin Lavery (London) and James Gardner (London).

GLOBAL REACH

Our expansion into the UK and Europe is on track and starting to deliver, winning some large new US and UK fund manager clients.

The new European business is progressing well since the Dublin office opened in February 2019, with the license application for the Irish Management Company approved by the Central Bank of Ireland.

The Irish office places Equity Trustees, already the market leader in Australia for independent responsible entity/trustee services, at the heart of the third-largest market for Collective Investment Vehicles (CIVs) globally.

We are targeting a further improvement in this business next year. There are significant European opportunities in funds governance and our breadth of services means we are well placed for any Brexit outcome.

LISTED INVESTMENT TRUSTS

Our Listed Investment Trust (LIT) business continues to evolve and grow. A highlight this year was our appointment as responsible entity and issuer for two new ASX listings for Neuberger Berman and Regal Funds Management.

LITs are growing in popularity. They are attractive to investors because they provide liquidity and are easy to transact, as well as being attractive to investment managers because they are the vehicle of choice for the large self-managed superannuation fund market. Investors who value certainty appreciate the choice of an independent responsible entity and issuer with a trusted reputation and proven capability.

Equity Trustees takes responsibility for all of the operational governance and compliance obligations of LITs, allowing investment managers to focus on their investment strategy. Further LIT and other listed vehicles are planned.

NB Global Corporate Income Trust (NBI)

Neuberger Berman has been in Australia since 2007 and is one of the world's leading private, independent, employee-owned asset management groups. It manages more than US$300 billion in client assets across a range of strategies – including equity, fixed income, quantitative and multi-asset class, private equity and hedge funds – on behalf of institutions, advisors and individual investors globally. Following the success of the first capital-raising for the NB Global Corporate Income Trust (ASX: NBI) in September 2018, a second raising in July 2019 was similarly successful.

Regal Investment Fund (RF1)

An ASX debut for Regal Funds Management was achieved in June 2019 with the listing of the Regal Investment Fund (ASX: RF1). Founded in 2004, Regal Funds Management is a specialist alternative investment manager with a primary focus on long short investment strategies, employing a team of more than 40 people, including 24 investment professionals, across its different investment strategies.

NBI

ORIGINAL CAPITAL RAISED

$412m

UNITHOLDERS 5780

SECOND CAPITAL RAISED

$476m

UNITHOLDERS 6176

RF1

CAPITAL RAISED

$281m

UNITHOLDERS 4367

SERVING OUR CLIENTS BETTER

Equity Trustees considers all those we provide services to as 'clients', including beneficiaries of estates and trusts who we've come to serve through other clients. In addition, our clients include fund managers and not for profits who have entrusted us with overseeing their arrangements. Unique to the business of being a trustee, we must continue to carry out the instructions of our clients even when they are no longer alive. The client experience of professional, empathetic service throughout a lifetime is how trust is earned. That is our business – and the key to our success.

A MARKED IMPROVEMENT

Equity Trustees is a client-focussed business. During the year we worked hard to improve our client service and interaction through both our people and our technology.

Our third annual client satisfaction survey showed a marked improvement across all metrics and put us clearly ahead of peer financial services institutions. This included improvements in the key industry measures of Net Promoter Score (NPS – likelihood of recommending us), Net Loyalty Score (NLS – likelihood of buying other products or engaging with us) and Satisfaction Score (SAT – monitoring last interaction with us).

For example, on Net Promoter Score, Equity Trustees at +14 was well ahead of the average for the main financial institutions.

Our clients and stakeholders want to interact with Equity Trustees more and we will continue to implement specific action plans to improve the client experience.

PERFORMANCE AGAINST THE ACTION PLAN

SERVICE STANDARDS

81% of respondents were satisfied or very satisfied with our responsiveness to inquiries (up 6%).

TRAINING

78% of respondents rated our people as quite or highly knowledgeable in their area of expertise (up 1%).

78% said our communication was clear (up 3%).

CLIENT SERVICE

80% said they were satisfied or very satisfied with their interactions with our people (up 3%).

73% felt we were proactive (up 9%).

COMMUNICATION

78% said our information was easy to understand (up 9%) and there were clear improvements on ratings related to the accuracy and timeliness of our information.

NPS	NLS	SAT
+14 ▲2	+17 ▲2	77%

TECHNOLOGY – WORKING FOR US

Equity Trustees continues to invest in the latest technology to improve the client experience, support good governance, reduce costs and promote efficiency.

There is increased focus on the application of technology in our industry and there are many areas where technology can improve our service and systems. At Equity Trustees our competitive strength remains the qualitative skills of our people and we are deploying technology as a support for our business, rather than as a driver of it.

We are using technology to improve our client experiences by enabling multi-channel interfaces that are easier, more flexible and more efficient. This includes self-service portals that facilitate easy interactions with clients.

We are also investing in projects that enhance governance by improving our use of data, IT security and operational efficiency.

Automating processes

Over the past two years, the company has been testing Robotic Process Automation (RPA) that can make manual and repeatable processes more efficient. It can decrease the risk of errors, improve productivity and enable staff to focus on higher value activities.

The project has been a success and many processes across the business have been transformed, as the following examples show.

Removing constraints

We have removed operational constraints on the growth of our fund services division by replacing a manual process with an accurate, fast, scalable process for regular invoicing to around 300 funds.

The changes involved working across two systems within Finance and Corporate Trustee Services. As a result, invoicing tasks that took 4-5 hours every week have now been reduced to 5-10 minutes, regardless of the volume of invoicing to be completed.

Good governance

A complex task in the Superannuation Trustee Office that used to take one person 20 hours has now been reduced to just 15 minutes.

At the same time it has improved governance, as the task of checking over 1000 pages of data is part of our prudential responsibilities and must be completed regularly for all superannuation funds.

Now, a bot cross-checks the documents and provides alerts to discrepancies, allowing our staff to better deploy their expertise.

PEOPLE ARE OUR GREATEST ASSET

During the year, Equity Trustees continued to invest heavily in our people.

We worked hard across the company to sharpen our skills and reinforce and refresh our values. We are also adding new people to enhance our skill base and support our growth.

We recognise that our employees are the key to our business because it is ultimately based on the provision of judgement, knowledge and ethics. These are skills that technology cannot easily replicate, and are built up over long periods.

Our people also give us a competitive advantage, particularly during a period when the financial services industry is placing an increasing value on trust.

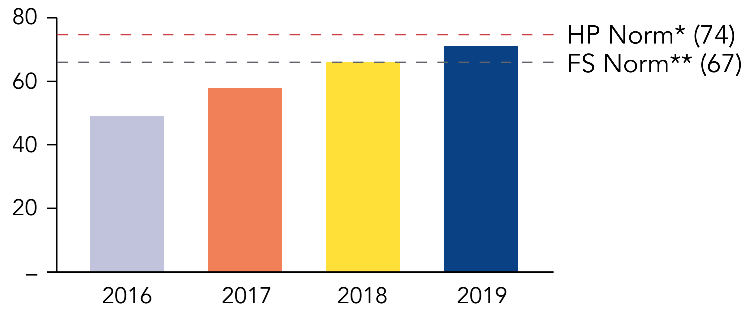
PERFORMING ABOVE OUR PEERS

Our people are loyal and committed, with our annual employee engagement survey confirming results above our peers in financial services.

There was a 3% point increase in engagement over 2019. We are now comfortably above the Financial Services Norm, and just a fraction below the High Performing Norm. Enablement remained steady over 2019, well above the Financial Services and High Performing Norms.

In the last three years, engagement and enablement have increased 43% and 23% respectively.

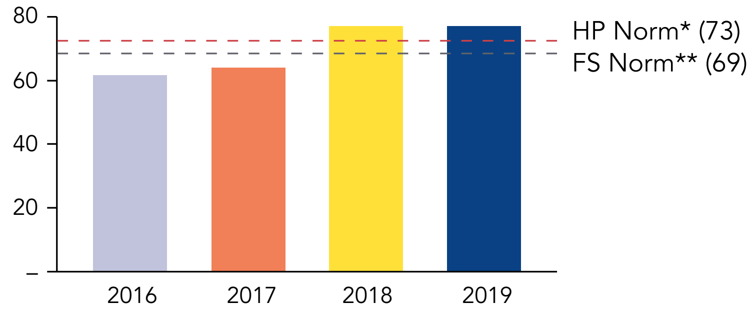
EMPLOYEE ENGAGEMENT



ENGAGEMENT
70%

ENABLEMENT
76%

EMPLOYEE ENABLEMENT



*High Performing Norm
**Financial Services Norm

REFRESHING OUR VALUES

During the year we undertook a process to refresh and reinforce our company values to ensure they remain relevant and inspiring. It was also timely given the challenges facing the financial services industry.

The final decision was made through a company-wide vote, and the focus is now on three core values: trusted, accountable and empowering.

WE ARE...

TRUSTED

This means we do what we say we will and put the best interests of our clients first.

ACCOUNTABLE

This means we own our responsibilities and speak up about ways we can do better.

EMPOWERING

This means we give ourselves, our workplace and our community the support, strength and confidence to grow.

WELLBEING IS A PRIORITY

We have developed a wellness program for employees that promotes and supports their mental and physical health.

The inaugural program, *Equilibrium*, provides opportunities for employees to learn more about health and to get involved in activities which have a positive impact on health and wellbeing. This includes leave policies that help employees take care of themselves and maintain balance in their lives.

Equilibrium operates across four pillars:

- BODY
- MIND
- ENVIRONMENT
- CONNECTION

COMMUNITY IMPACT ADDS UP

Equity Trustees makes a positive impact in the community through our employees' volunteering efforts, our provision of trust services to communities and our unique and substantial footprint in providing support to charitable causes through our philanthropic trusts.

As outlined in the TWS pages, this financial year was a significant year in philanthropy, with the total funds provided to the community reaching a record $124.3 million. We are proud of our role in helping clients achieve social impact and support a wide range of charitable causes.

While some trusts were established more than 100 years ago, there is growing interest in philanthropy and its important role in the community. A 12-month 'Living Forever' campaign in a national newspaper highlighted the impact of forward-thinking people who have made a significant contribution by establishing philanthropic trusts, with the aim of encouraging others to join them in establishing a giving legacy that lasts forever.

EMPLOYEE SUPPORT

The company encourages employees to give to the community. All employees are provided a full day of paid leave every year to take part in an activity which meets our volunteer leave guidelines. They also have the opportunity to donate money from pre-tax salary through the EQT Foundation, with Equity Trustees providing uncapped matching of employee donations.

VOLUNTEER LEAVE

450+

HOURS

IMPACT GRANT HIGHLIGHTS

Two of our charitable trusts joined in making a major three-year grant to First Australians Capital, an Indigenous-led organisation providing access to capital markets and support to Indigenous entrepreneurs.

LifeCircle Australia was awarded $1.05 million over three years by The JO & JR Wicking Trust to help them improve the experience of end of life in residential aged care. LifeCircle supports people who are caring for someone in the last stages of life.

The Judith Jane Mason & Harold Stannett Williams Memorial Foundation (Mason Foundation) awarded La Trobe University and its partners $1.03 million over five years for a project to accelerate global research efforts to assist people with the debilitating condition of Myalgic Encephalomyelitis and Chronic Fatigue Syndrome.

OUR INDIGENOUS COMMITMENT

Equity Trustees is committed to supporting economic and social opportunities for Aboriginal and Torres Strait Islander Australians.

We are uniquely placed to assist Aboriginal and Torres Strait Islander communities in two ways: through our role assisting them to manage their wealth, and through our role in providing philanthropic funding to the sector.

During the year we joined 26 other philanthropic organisations in supporting the Uluru Statement from the Heart during NAIDOC Week. We also continued our support of the NAIDOC Week Awards, partnering with NITV during NAIDOC and Garma Festival, and conducting estate planning workshops specifically tailored for Indigenous communities, families and individuals.

We developed our first Reconciliation Action Plan (RAP) in 2017 and are in the process of developing our next RAP.

External appointments to our Advisory Committee (from left): Kim Bridge, Lisa Derschaw and Adrian Appo OAM.

Advisory Committee

During the year we established an Advisory Committee to advise us on how we can make a bigger impact in improving outcomes for Aboriginal and Torres Strait Islander communities. We were delighted to be able to make the following appointments:

- Kim Bridge – a Gija man (East Kimberley) based in Perth, Western Australia, who consults in the areas of business development, Indigenous affairs, capacity and leadership development, professional training and facilitation.
- Lisa Derschaw – a Nyiyaparli woman (East Pilbara) based in Perth, Western Australia, working for the Department of Communities. Additionally she is a Justice of the Peace, Board member of Gumala Aboriginal Corporation, and former Chief Executive of Niapaili Aboriginal Corporation.
- Adrian Appo OAM – a Gooreng Gooreng man (near Bundaberg Queensland), based in Canberra, the Co-Chair of First Australians Capital and Director on the Board of Social Ventures Australia and Salvation Army Australian Territory. Adrian previously served with distinction in the Royal Australian Air Force.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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 2019, 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 Directors of EQT Holdings Limited (from left): Tim Hammon, James Minto, Kevin Eley, The Hon. Jeffrey Kennett AC (Chairman), Glenn Sedgwick, (seated) Alice Williams, Anne O'Donnell and Michael O'Brien (Managing Director).

THE HON. JEFFREY G KENNETT AC

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

Chairman, Independent Director

Appointed Director in September 2008; appointed 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 Premier of the State from 1992-1999. He was awarded the Companion of the Order of Australia in 2005.

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

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

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

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).

ALICE JM WILLIAMS

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

Independent Director

Appointed Director in September 2007.

Ms Williams is a Director of Cooper Energy Limited, Djerriwarrh Investments Limited, Foreign Investment Review Board (FIRB), Defence Health and Tobacco Free Portfolios 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, V/Line Passenger Corporation, Barristers' Chambers Limited and Victorian Funds Management 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 Equity Trustees' Responsible Entity Compliance 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 more than 39 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 a Director of the Motor Trades Association of Australia Superannuation Fund Pty Ltd and the Winston Churchill Memorial Trust. Also, she is an external member of the UBS Global Asset Management (Australia) Ltd Compliance Committee, Chair of the IP Australia Audit Committee, a member of the Investment, Audit & Risk Committee of the Winston Churchill Memorial Trust and the Australian Banking Association representative on the Banking Code Compliance Committee.

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, the Australian Institute of Company Directors, Beyond Bank Ltd and Eastwoods Pty Ltd. Ms O'Donnell brings to the Board extensive knowledge of the banking and 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' Responsible Entity Compliance 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 is also a Director of Milton Corporation Limited and Pengana Capital Group Limited, and a member of The Buttery Charitable Foundation.

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)
- Chair of Hunter Hall International Limited (from October 2015 to June 2017).

D GLENN SEDGWICK

B.Comm., 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. He was a partner for 20 years in Accenture and 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 Director of Melbourne Symphony Orchestra, where he is also Chair of its Foundation Committee and Advancement Committee. He is a Councillor of Queen's College (University of Melbourne), and Chair of the Queen's College Trust Corporation.

He is a former Chairman of both Australian Tourist Park Management Pty Ltd and Australian Life Insurance Group (ALI).

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; appointed Deputy Chair in March 2019.

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 2006-2015 and for several 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 2003-2015.

He is a Director for Dai-ichi Life Asia Pacific in Singapore, National Disability Insurance Agency and Swiss Re Life & Health Australia. Mr Minto is also Chairman of NZ Life Insurer Partners Life Limited.

Mr Minto was a Director of the Trustee Corporations Association of New Zealand for nine years to 1997, with the last three years serving as Chairman.

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 (from April 2015 to June 2017).

TIM HAMMON

B.Comm., LL.B (Melbourne University), AICD Member

Independent Director

Appointed Director in December 2018.

Mr Hammon is a non-executive Director of Vicinity Centres, where he is also Chair of the Risk and Compliance Committee and a member of the Remuneration and HR Committee and the Nominations Committee. He Chairs the Advisory Board of the Pacific Group (Alter Family).

Mr Hammon was CEO of Mutual Trust Pty Ltd from 2007-2017, building the business to become a leading Australian multi-family office servicing high net worth clients. Before that, he was in a leadership position with Coles Myer Ltd for 11 years (reporting to the CEO). He began his career in law with Mallesons Stephen Jaques as an articled clerk in 1977 and was a partner at the firm for 12 years, the last four years in leadership positions.

Mr Hammon has held Board positions with not-for-profit organisations, the Abbotsford Convent Foundation and St Catherine's School and is currently an Ambassador for the fundraising campaign for the Aikenhead Centre for Medical Discovery.

Listed company directorships held during the past three financial years:

- Vicinity Centres (from 2011 to the present).

MICHAEL J O'BRIEN

CFA, GAICD, FIAA

Managing Director

Appointed Director in July 2014; appointed Executive Director in April 2016; appointed 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 37 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 directorships held during the past three financial years:

- Templeton Global Growth Fund Limited (from August 2014 to the present).

COMPANY SECRETARY

CARMEN O LUNDERSTEDT

B.Comm., 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 (& BOARD SUB-COMMITTEES)		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	12	12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
AJM Williams	10	10	5	5	n/a	n/a	n/a	n/a	n/a	n/a
AM O'Donnell	10	10	5	5	n/a	n/a	4	4	n/a	n/a
KJ Eley	11	11	n/a	n/a	5	5	4	4	n/a	n/a
DG Sedgwick	10	10	n/a	n/a	5	5	n/a	n/a	5	5
JR Minto[1]	10	10	n/a	n/a	5	5	4	4	n/a	n/a
TE Hammon[2]	7	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MJ O'Brien	12	12	n/a	n/a	n/a	n/a	4	4	5	4

A = Meetings eligible to attend B = Meetings attended n/a = Not applicable

1 Mr Minto was appointed Deputy Chair in March 2019.

2 Mr Hammon was appointed as a Director on 12 December 2018.

Any Director may attend any Board committee meeting, and many frequently do so.

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	54,273
AJM Williams	8,106
AM O'Donnell	11,530
KJ Eley	122,188
JR Minto	10,564
DG Sedgwick	13,214
TE Hammon	2,064
MJ O'Brien	25,587

1 Fully paid ordinary shares of the Company.

EXECUTIVE LEADERSHIP TEAM

MICHAEL J O'BRIEN
CFA, GAICD, FIAA

Managing Director

See profile in previous section.

PHILIP GENTRY
BSc., MBA, GAICD

Chief Financial Officer and Chief Operating Officer

Mr Gentry 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 several leadership positions at ANZ Bank. *Joined January 2016.*

SHARNI REDENBACH
BAppSc. (Psych), GradDip (AppPsych)

Executive General Manager, Human Resources

Ms Redenbach has more than 17 years' experience in the financial services industry. After graduating from university, Sharni commenced her career with the Link Group. Before joining Equity Trustees she led the HR function in Australia for Fiserv, a global FinTech company. *Joined August 2016.*

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

Executive General Manager, Corporate Trustee Services and Global Head of Fund Services

Mr Kalman 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, Authorised Corporate Director and Corporate Trustee services. He previously held senior roles at ANZ and the Australian Society of Corporate Treasurers. *Joined January 2000.*

IAN WESTLEY
BAgrSc, DipFinServ

Executive General Manager, Trustee and Wealth Services

Mr 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. He holds a Bachelor of Agriculture Science degree from the University of Melbourne and a Diploma of Financial Services. *Joined May 2007.*

MARK BLAIR
BSc. Hons, FIA, FIAA

Executive General Manager, Superannuation Trustee Office

Mr Blair 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. He holds an honours degree in mathematics from Nottingham University and is a Fellow of the Institute of Actuaries in Australia and the UK. *Joined January 2016.*

OWEN BRAILSFORD
BA (Hons) Manchester University, Associate of Chartered Insurance Institute (ACII) UK

Chief Risk Officer

Mr Brailsford has more than 20 years of international experience in risk management and regulatory roles in the superannuation, pensions and insurance industries. He was previously Chief Risk Officer with responsibility for risk and compliance at Australia's largest corporate superannuation fund, TelstraSuper. His background includes roles at the Australian Prudential Regulation Authority (APRA), Prudential PLC and RSA Insurance (both UK) and a risk management advisory role at KPMG. *Joined February 2019.*

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

Company Secretary

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 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 over 130 years.

The Group has two business units through 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 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, and summarised as follows:

T1 IMPROVING CLIENT SATISFACTION

T2 LIFTING EMPLOYEE ENGAGEMENT

T3 GROWING SHAREHOLDER VALUE

T4 DEEPENING COMMUNITY IMPACT

T1 IMPROVING CLIENT SATISFACTION

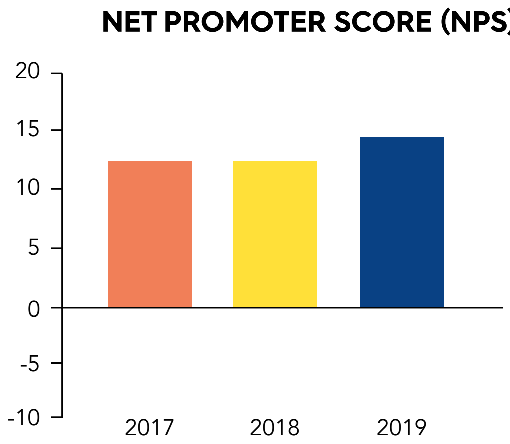
MEASURES

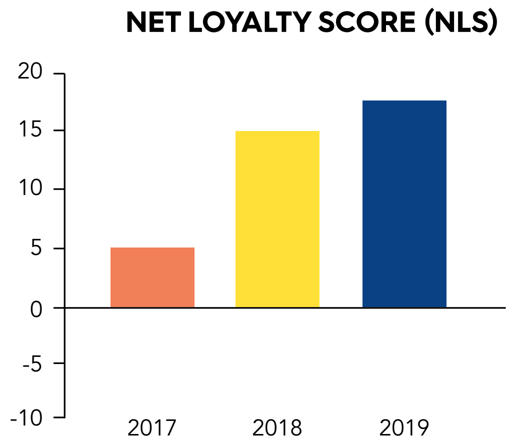
Net Promoter Score (NPS) – The likelihood of clients recommending Equity Trustees.

Net Loyalty Score (NLS) – The likelihood of buying another product or service from Equity Trustees.

UPDATE AS AT 30 JUNE 2019

The Group's most recent survey showed an increased Net Promoter Score of +14 (up from +12 as reported at 30 June 2018) and an increased Net Loyalty Score of +17 (up from +15 as reported at 30 June 2018).





COMMENTARY

The Group's first target relates to client satisfaction. Recent events in corporate Australia, including the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, as well as other governance and prudential reviews, have made it clear that the behaviour of some organisations in our industry has fallen well short of community expectations and, in some cases, the law. These findings have rightly eroded the public's trust in organisations across the industry.

The Group recognises the importance of trust in the relationship between client and company. As Australia's leading specialist trustee company, we are committed to acting in the best interests of our clients.

The Group measures the strength of its trusted relationships with clients with reference to client satisfaction surveys. Specifically, net promoter and net loyalty scores are measured, which are widely accepted approaches to measuring client satisfaction.

The NPS and NLS scores were remeasured in April 2019, and pleasingly both scores have increased from the comparative period.

The Group has and will continue to invest in initiatives to further strengthen client satisfaction in the period ahead. Recent major initiatives and programs include:

- Establishing a Client Satisfaction Steering Committee to oversee initiatives to further improve the client experience
- Training and development for front line staff
- Implementation of new client management technologies to assist staff in improving interactions with clients.

T2 LIFTING EMPLOYEE ENGAGEMENT

MEASURES

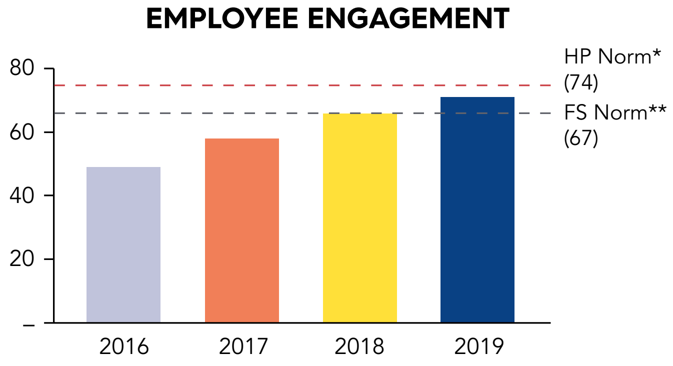
Employee engagement – Commitment to the Group and employees' willingness to go the extra mile.

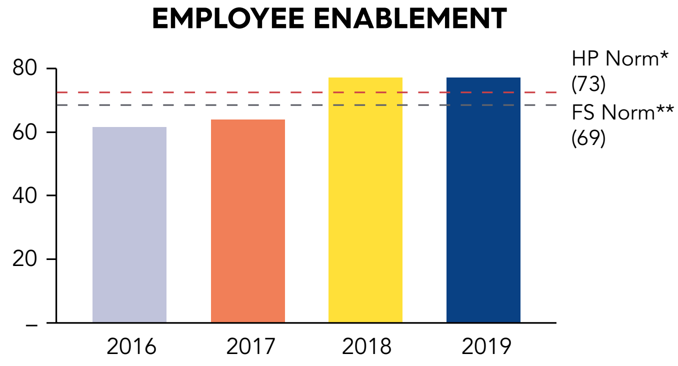
Employee enablement – Making good use of employees' skills and providing a working environment that enables them to be as productive as possible.

UPDATE AS AT 30 JUNE 2019

Employee engagement has increased from 67% to 70%, and employee enablement has remained steady at 76%. Scores were measured most recently in April 2019.

The Group's engagement and enablement scores both exceed industry norms.





*High Performing Norm
**Financial Services Norm

COMMENTARY

T2 relates to employee engagement and is calculated with reference to both employee engagement and enablement scores, which are measured via a formal process, at a minimum of once per year.

The Group appreciates that delivering a sustainable, outstanding level of client service requires committed, expert, empathetic people who are dedicated to delivering great outcomes for clients.

The Group has implemented several employee-related initiatives over the past year. These include:

- Providing all permanent employees with an individual learning and development budget – empowering our people to invest in their own professional growth
- A comprehensive employee wellbeing program, offering physical and mental health benefits to participants
- The constitution of an inaugural Gender Equality Focus Group, charged with implementing an action plan to improve gender equality in our organisation
- Changes to our parental leave arrangements to provide greater support to working parents
- Introduction of paid family and domestic violence leave.

Feedback associated with these initiatives has been very positive and through the Employee Engagement Action Plan, the Group aspires to foster an outstanding level of employee engagement.

T3 GROWING SHAREHOLDER VALUE

MEASURES

Earnings per share

Dividends

Growth in funds under management, administration, advice, and supervision (FUMAS)

UPDATE AS AT 30 JUNE 2019

Refer to the *Group Financial Performance* section of this Directors' Report.

T4 DEEPENING COMMUNITY IMPACT

MEASURES

Value of granting supported

Employee volunteering, workplace giving, and other employee related community impact initiatives

UPDATE AS AT 30 JUNE 2019

For the 30 June 2019 financial year, the Group supported the granting of $124m for charitable purposes. While this represents a record level of granting for the Group, included within this amount is $44.9m of one-off grants. Allowing for these one-off items, the total amount granted is marginally above the prior corresponding period.

During the year the Group rolled out a volunteer leave programme and has facilitated more than 450 hours of volunteer leave for staff to support various charitable causes (2018: nil). In addition, the Group instituted a workplace giving programme, resulting in staff donating $12,375 to the Equity Trustees Foundation. This donation was subsequently matched by the Group.

COMMENTARY

The T4 target relates to the Group's activities in philanthropy and helping the community. The Group has a number of roles in relation to philanthropy, including:

- Acting as trustee or co-trustee for Perpetual Charitable Trusts and other charitable vehicles
- Granting support and administration services to philanthropic individuals and organisations
- Investment management of philanthropic trusts on behalf of not-for-profit organisations.

The Group is proud to support the philanthropic pursuits of our clients, including those who practice philanthropy through their lifetimes and those who have left lasting philanthropic legacies.

Some of the key initiatives undertaken during the past year to demonstrate how we are continuing to deepen our impact are:

- We completed the development of our first ever Annual Giving Review (launched publicly in March 2019), outlining our giving in detail and how our responsible stewardship of the funds adds value to the sector.
- The process of building our Impact Measurement Framework is well underway and we are currently collaborating with data experts and for-purpose organisations to identify and finalise the actual indicators of social change that we will be measuring our contribution towards. We will initially be focusing on the 'Ageing' area and will use this as a model for our other three focus areas, on which to build our social Impact Measurement Framework.
- We are supporting the charitable pursuits of our staff by providing volunteer leave and donation matching through the Group workplace giving program.
- We are acting as trustee for community trusts that protect and grow the wealth of Indigenous communities.

GROUP FINANCIAL PERFORMANCE

SUMMARY RESULTS AND VALUE CREATION MEASURES

FINANCIAL SUMMARY	FY19 $'000	FY18 $'000	FY19 V FY18 $'000	FY19 V FY18 %
Revenue	**92,499**	88,456	4,043	4.6%
Total expenses	**(61,163)**	(59,725)	(1,438)	(2.4%)
Net Profit Before Tax (NPBT)	**31,336**	28,731	2,605	9.1%
Net Profit After Tax (NPAT)	**21,369**	19,433	1,936	10.0%
Loss attributable to non-controlling interest	**(825)**	(263)	(562)	(213.7%)
NPAT attributable to equity holders of the Company	**22,194**	19,696	2,498	12.7%
NPBT margin	**33.9%**	32.5%	-	4.3%
NPAT margin (on NPAT attributable to equity holders of the Company)	**24.0%**	22.3%	-	7.6%
VALUE CREATION MEASURES				
Earnings Per Share (EPS) (cents)	**108.61**	97.27	11.34	11.7%
Dividends per share (cents) (paid and proposed)	**90**	82	8	9.8%
1-year total shareholder return (TSR)	**46.6%**	22.1%	-	110.9%
3-year total shareholder return	**94.8%**	12.8%	-	640.6%
Return on equity using NPAT	**8.1%**	7.7%	-	5.4%

The above table describes the key financial performance and financial value creation metrics of the Group for the year ended 30 June 2019. Of particular focus, and in line with the Group's T3 target *Growing Shareholder Value*, are earnings per share, dividends and funds under management, administration, advice and supervision (FUMAS). EPS for the year was up 11.7% on the prior corresponding period, from 97.27 cents to 108.61 cents. This reflects good organic revenue growth and a continued, disciplined approach to expense management over the past twelve months, which has been particularly important in the context of a year where investment markets have had a less pronounced effect on Group revenue growth than they have in previous years. Changes in FUMAS for the period are described in the *Business Unit Performance* sections of this report.

Total shareholder returns on both a one-year (46.6%) and three-year basis (94.8%), calculated as at 30 June 2019, have been particularly strong and the Group's return on equity has further improved from 7.7% to 8.1% as at 30 June 2019.

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

REVENUE

Revenue for the financial year ended 30 June 2019 was $92.50m, an increase of $4.04m, or 4.6% on the prior period. Revenue growth has been driven by organic growth in both Trustee Wealth Services and Corporate Trustee Services during the year, plus the full year contribution of prior year acquisitions of OneVue RE Services (now known as EQT Responsible Entity Services Limited (EQTRES) and Treasury Capital Limited (now known as Equity Trustees (UK & Europe) Ltd (EQTUK).

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.

On an overall basis, volatility in equity markets has meant that growth in Group revenues linked to market returns has been less pronounced than in prior years. Weak equity markets in the first half of the year tempered the results, and while the market returned to much stronger levels by the end of the financial year, the impact on average over the full financial year was relatively muted.

As reported at the half-year ended 31 December 2018, revenue streams presented in these financial statements are now shown at a greater level of disaggregation than they have been previously. This change resulted from the adoption of AASB 15 *Revenue from Contracts with Customers*, and the financial statements now present revenues by the key categories of services provided by the Group. These changes are evident in the *Business Unit Performance Summaries* in this Directors' Report, as well as in the notes to the financial statements. Notwithstanding the additional information provided, there have been no changes in the way the various business activities are organised within the Group.

EXPENSES

Total expenses in FY19 were $61.16m, up $1.44m or 2.4% on the prior corresponding period. Total expenses include both operating and non-operating expenses. Non-operating expenses typically consist of restructuring or M&A type costs which due to their insignificance during the 2019 financial year have not been separately disclosed.

Given the impact of market volatility on current year revenues described in the previous section, disciplined management of expenses has been of particular importance this year. Accordingly, total expense growth has been limited to 2.4%.

The disciplined expense growth reflects a combination of productivity improvements offset by targeted investment, particularly in areas leading to better outcomes for clients and for the staff supporting them. These investments include:

- From a people perspective: a new Chief Risk Officer, a new Head of Asset Management and Head of Equities, and several new senior appointments to the Group's superannuation team
- Further investment in our UK and European operations with the establishment of an office in Dublin, Ireland, and a number of new staff appointments
- The extended rollout of a new client relationship management system, as well as other technology tools designed to improve internal workflows and create better and clearer accountabilities for staff as well as an enhanced client experience.

Further information on the key categories of expenses can be found in note 2 to the financial statements.

EBITDA AND NPBT MARGIN

EBITDA AND NPBT MARGINS	FY19	FY18	FY17
EBITDA margin	**39.0%**	37.7%	32.6%
NPBT margin	**33.9%**	32.5%	27.9%

The Group's EBITDA margin, calculated as earnings before interest, tax, depreciation and amortisation, divided by total revenue, has further improved over the year, and now stands at 39.0%, up from 37.7% at 30 June 2018, and 32.6% at 30 June 2017.

Similarly, the Group's net profit before tax margin has increased to 33.9%, up from 32.5% at 30 June 2018, and 27.9% at 30 June 2019.

The growth in these margins indicates that efforts within the Group to become more productive have been fruitful. These productivity gains have been delivered while continuing to make sensible, targeted investment in the business to better manage risk and support future growth.

SHAREHOLDER RETURNS AND DIVIDENDS

SHAREHOLDER RETURNS FOR THE PERIOD	FY19	FY18	FY19 VS FY18 %
Earnings Per Share on NPAT (cents)	**108.61**	97.27	11.7%
Annualised ROE on NPAT(%)	**8.1**	7.7	5.4%
Dividends for the period			
Fully franked dividends paid/payable ($'000)	**18,435**	16,655	10.7%
Fully franked dividends per ordinary share (cents)	**90**	82	9.8%
Dividend payout ratio[1](%)	**82.9**	84.3	-

1 Dividend payout ratio is calculated using dividend(s) paid or resolved to be paid for the relevant period divided by NPAT attributable to equity holders of the Company.

REPORTED EARNINGS

Basic earnings per share for the year was 108.61 cents per share (2018: 97.27 cents), representing a 11.7% increase on the prior corresponding period.

The weighted average shares on issue during the year were 20,435,173 (2018: 20,248,477). The increase in shares on issue is attributable to:

- Participation under the dividend reinvestment plan (DRP) in relation to the 2018 final and 2019 interim dividends
- Participation in employee share acquisition plans, share based remuneration and salary sacrifice schemes.

DIVIDENDS

During the year a fully franked interim dividend of 44 cents was paid to ordinary shareholders of the Company in respect of the half-year period ended 31 December 2018.

Subsequent to 30 June 2019, the Directors have declared a fully franked final dividend of 46 cents per share, taking the total dividends paid/payable for the year to 90 cents, a 9.8% increase on the prior corresponding period.

The annual dividends reflect a dividend payout ratio of 82.9%, which is consistent with that of the previous year and within the Group's target dividend payout range of 70%-90%.

The Dividend Reinvestment Plan will continue to operate for the 2019 final dividend, with a nil discount. The 2019 final dividend will be fully franked and payable on 8 October 2019.

GROUP FINANCIAL POSITION

SUMMARY CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE	FY19 $'000	FY18 $'000
Assets		
Cash and cash equivalents	**54,434**	60,651
Trade receivables and accrued income	**22,166**	23,553
Goodwill and intangible assets	**210,969**	213,147
Other assets (including managed fund investments)	**21,982**	14,648
Total Assets	**309,551**	311,999
Liabilities		
Trade payables and other current liabilities	**10,811**	14,697
Borrowings	**12,000**	20,000
Other non-current liabilities	**23,448**	23,448
Total Liabilities	**46,259**	58,145
Equity		
Issued capital	**242,981**	238,633
Reserves	**2,907**	1,647
Retained earnings	**18,299**	14,102
Total equity attributable to owners of the Company	**264,187**	254,382
Non-controlling interest	**(895)**	(528)
Total Equity	**263,292**	253,854

BALANCE SHEET ANALYSIS

- **Cash and cash equivalents** – Refer to the *Cash Flow* section of this Directors' Report for analysis of key cash flow movements.
- **Trade receivables and accrued income** – Decreased by $1.39m, or (5.9%) on the prior period. These amounts vary from year to year, and this decrease is not indicative of any underlying changes in the nature of the receivables.
- **Goodwill and intangible assets** – Made up of management rights, goodwill acquired and capitalised computer software. There were no acquisitions during the year that resulted in additions to goodwill or intangible assets. The $2.18m reduction in this balance is predominantly caused by amortisation of intangible assets during the period.
- **Borrowings** – Borrowings have declined by 40% from $20m at 30 June 2018 to $12m at 30 June 2019. The Group has been able to use excess cash generated from its operations to repay debt during the year. The increase in undrawn capacity will provide the Group with flexibility should it be required for regulatory capital needs or inorganic growth initiatives. Financial covenants associated with the unsecured debt facility include minimum tangible net worth, leverage and interest cover. During FY19 the Group complied with all of its debt covenants.
- **Issued Capital** – Increased by $4.35m 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 the flexibility to take advantage of future opportunities
- Capital must be managed prudently 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 (2019: debt/equity ratio of 4.6%). 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.

CASH FLOW

FOR YEAR ENDED 30 JUNE	FY19 $'000	FY18 $'000
Cash from operating activities		
Receipts from customers	**101,255**	91,586
Payment to suppliers and employees	**(65,692)**	(59,843)
Operating cash flow before income tax	**35,563**	31,743
Income tax paid	**(12,288)**	(6,671)
Net cash from operating activities after income tax	**23,275**	25,072
Dividends paid to members of the Company	**(13,469)**	(11,599)
(Investment in)/redemption of liquid investments	**(8,000)**	10,906
Net payments for assets and acquisitions	**(937)**	(9,723)
(Repayments of)/Proceeds from borrowings	**(8,000)**	5,000
Interest received	**925**	841
Other cash flows	**(28)**	(24)
Net increase/(decrease) in cash and cash equivalents	**(6,234)**	20,473
Cash and cash equivalents at the beginning of the financial year	**60,651**	40,328
Exchange fluctuations on foreign cash balances	**17**	(150)
Cash and cash equivalents at the end of the financial year	**54,434**	60,651
Additional liquid funds	**15,257**	7,138
Total liquid funds at the end of the financial year	**69,691**	67,789

CASH FLOW ANALYSIS

The Group's cash and cash equivalents have decreased by $6.22m or (10.3%) on the prior corresponding period, however the aggregate liquid funds (cash plus investments in managed schemes) held by the Group have increased over the same time period by $1.90m or 2.8%. The Group is required to hold a certain amount of cash and liquidity to meet regulatory capital requirements in relation to its licenced activities, an increasing portion of which is now held in managed schemes which are managed by the Group. This enables the Group to achieve a better than cash return on a portion of its cash holdings.

The Group's capacity to generate cash has strengthened during the financial year, with pre-tax operating cash flows up $3.82m, or 12.0% on the prior comparative period, to $35.63m. The improvement in operating cash flow generation is largely attributable to steady organic growth and continued margin improvement exhibited over the past 12 months.

Material non-operating cash flows during the year were:

- $8m repayment of borrowings, made possible by excess cash generated from operating activities
- $8m of investment in the EQT Wholesale Mortgage Income Fund, to provide an enhanced return on a portion of the Group's cash holdings
- $0.9m associated with property and computer equipment acquisitions
- $13.47m of dividend payments (net of DRP) to shareholders, up 16.1% on the prior corresponding period.

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 for structured products and security and escrow arrangements.

The 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.

Revenues for CTS are grouped together as a single category of services, named trustee services.

CTS PERFORMANCE AND KEY DRIVERS FINANCIAL PERFORMANCE	FY19 $'000	FY18 $'000	FY19 V FY18 $'000	FY19 V FY18 %
Revenue	**30,078**	27,627	2,451	8.9%
Expenses	**17,155**	15,171	1,984	13.1%
Business unit net profit before tax	**12,923**	12,456	467	3.7%
Business unit profit margin (%)	**43.0%**	45.1		(4.7%)
GROWTH IN KEY DRIVERS				
Funds under supervision (FUS) ($b)[1]	**68.1**	71.1	(3.0)	(4.2%)
Funds Manager Clients[1]				
No. Clients	**127**	137	(10)	(7.3%)
No. Funds	**279**	296	(17)	(5.7%)

1 Excludes UK and Ireland operations.

CTS revenues have increased by 8.9% on the prior corresponding period, from $27.63m for the year ended 30 June 2018, to $30.08m for the year ended 30 June 2019. Expenses are up 13.1% for the year, to $17.16m, the growth in which predominantly reflects the cost of expanding our UK operations and establishing an office in Dublin, Ireland.

The investment in the business and associated higher expense growth rate this year has seen a slight reduction in the business unit profit margin, from 45.1% to 43.0%.

CTS revenue growth is predominantly driven by growth in FUS, which is in turn driven by new clients and fund growth, fund in/out flows, and to a lesser extent by global and domestic investment markets and prevailing foreign exchange rates.

The CTS result for the financial year reflects continued solid underlying performance in the business, despite an overall reduction in FUS, and the number of managers and funds when compared to the prior corresponding period. Within these reductions is the loss of one compliance services client, which collectively accounted for 10 managers with 33 funds, and mandate losses across three funds belonging to a single responsible entity (RE) client. These reductions collectively account for a $6.4b gross reduction in FUS, which is offset by other new client wins and inflows. While the reduction in FUS from these two clients is significant, the associated margins were relatively low.

Notwithstanding the above items, the Australian CTS business has continued its positive trajectory over the 2019 year, with appointments to several new high quality Australian and International funds. Highlights include being appointed as the RE to two Australian Securities Exchange (ASX) listed investment trusts: the Neuberger Berman Global Corporate Income Trust (ASX: NBI) and the Regal Investment Fund (ASX: RFI). CTS's specialised independent trustee proposition continues to attract wide interest and is generating a healthy pipeline of future opportunities.

The corporate trust and structured finance team within CTS has had a strong 2019 year, with a number of new appointments. Revenue attributable to these services has grown 29.7% in 2019, to $1.79m. The corporate trust and structured finance team provides services to approximately 60 institutional clients and, while the Group's footprint in this market is a relatively small, it is continuing its rapid growth from this base.

Further afield, the Group's UK and Irish operations are becoming established and building momentum in their respective markets. As at 30 June 2019, the combined businesses had FUS of £0.27b and 7 fund manager clients. A considerable amount of focus is being placed on new business development, and the team is busy pursuing a number of promising opportunities. The expenses relating to the development of these businesses over the 2019 year has contributed to a higher than usual rate of expense growth for CTS, however this investment has been necessary to ensure the Group has the right people and systems in these jurisdictions to facilitate success. While these operations are still in the early stages of their development, they are expected to see a substantially improved financial performance in the year ahead and to achieve profitability in FY21.

Looking ahead, the outlook for the CTS business is positive, with a promising pipeline of opportunity in the core business, complemented by increased diversification through both its offshore and corporate trust and structured finance operations. Additionally, the portfolio of FUS is highly diversified across all asset classes and currencies, which provides a partial hedge against our Australian-based TWS business and more volatile local markets.

The business continues to foster a high level of client satisfaction, as evidenced by encouraging NPS/NLS scores, resulting in very few clients moving to alternative providers.

The UK and Irish operations continue to generate good momentum in their respective markets and are structured such that the Group can operate seamlessly through any transition to a post-Brexit environment.

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 clients and fund investors alike.

TRUSTEE & WEALTH SERVICES

Key products and services include:

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

Revenues for TWS are grouped into the following categories of services:

- Private client trustee services
- Superannuation trustee services
- Other services.

Services within each category have been grouped as they have similar performance obligations, and the basis upon which revenues are measured is also similar. Further information on these categories can be found in Note 1 to the financial statements.

TWS PERFORMANCE AND KEY DRIVERS	FY19 $'000	FY18 $'000	FY19 V FY18 $'000	FY19 V FY18 %
Private client trustee services revenue	**41,867**	41,188	679	1.6%
Superannuation trustee services revenue	**13,104**	11,857	1,247	10.5%
Other services revenue	**6,375**	6,649	(274)	(4.1%)
Total TWS revenue	**61,346**	59,694	1,652	2.8%
Expenses	**43,270**	43,245	25	-
Business unit net profit before tax	**18,076**	16,449	1,627	9.9%
Business unit profit margin (%)	**29.5**	27.6	-	6.9%
GROWTH IN KEY DRIVERS	**FY19 $B**	**FY18 $B**	**FY19 V FY18 $B**	**FY19 V FY18 %**
Funds under management, advice, administration and supervision (FUMAS)	**16.8**	15.1	1.7	11.3%
Superannuation	**8.1**	6.7	1.4	20.9%
Philanthropy	**2.1**	2.0	0.1	5.0%
Asset Management	**4.3**	4.4	(0.1)	(2.3%)
Trusts & Estates	**1.6**	1.3	0.3	23.1%
Wealth Advice	**0.7**	0.7	-	-

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 over 130 years.

The TWS business unit performed steadily for the year, with revenue of $61.35m, up $1.65m or 2.8% on the prior corresponding period.

Revenue growth is attributable to:

- Moderate growth in headline private client trustee services revenue of 1.6%, taking revenues to $41.88m for the year. As described further below, a large component of private client trustee services revenue is linked to equity market performance (Australian equity market performance in particular), which has been volatile over FY19. Notwithstanding volatile markets, private client trustee services have continued to grow through the year.
- Strong growth in superannuation trustee services revenue, up 10.5% on the prior comparative period. Total revenue associated with these services is now $13.10m and has grown principally due to the full-year effect of the Group's appointment as Trustee to the smartMonday fund in the first half of FY18, which effectively doubled the Group's superannuation FUS. The trusteeship of the Zurich Master Superannuation Fund, which transferred to the Group in late FY19, has also contributed to revenue growth in the current period, but will have a more pronounced effect in FY20.
- Revenue associated with other services includes estate administration, estate planning and taxation services. During the year there was a decline in revenue associated with these services of $0.3m (4.1%). Unlike other TWS revenue lines, these services are not 'annuity' services and as a result, performance year on year has more variability.

Expenses in FY19 were steady when compared with the prior corresponding period, which demonstrates good cost control by TWS management in the face of the more challenging investment market conditions experienced.

TWS FUMAS increased by 11.3% to $16.8b compared to the prior comparative period. This increase is predominantly driven by new superannuation clients ($1.4b of $1.7b), and new clients in the trusts and estates area ($0.3b).

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 0.2% higher through FY19 versus the closing index at 30 June 2018. Based on the level of the S&P/ASX 200 at the end of June 2019, a 1.0% movement in the S&P/ASX 200 impacts annualised TWS revenue by approximately $300k to $350k.

The outlook for the TWS business remains positive. Superannuation Trustee Services are expected to continue to contribute strongly to growth in the period ahead, and considerable targeted investment in people and technology is being made to ensure that this business has the resources and capability to sustainably manage its healthy pipeline of opportunities. Our core trustee services of Trusts and Estates, and Philanthropy and Charitable Trusts are also expected to grow, albeit more modestly, and with a greater degree of correlation to investment market returns. Our newer TWS services of Compensation Trusts, Community Trusts and Living Donor Trusts have healthy pipelines of opportunity and we are encouraged by their prospects for future growth.

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. Also, 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.

RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
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 disrupt 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 • Wellness program • Remuneration benchmarking • Risk culture training and annual risk culture surveys • Clearly articulated corporate values.
Outsourcing	Equity Trustees relies on several 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 several 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

Market volatility has played a part in tempering the result for FY19, however the Group has nonetheless continued to grow well organically, while maintaining a disciplined approach to expenses. At the same time productivity improvements have been achieved which has created capacity for targeted investment in the business. This has enabled the Group to deliver a solid financial result to its shareholders while creating a stronger foundation for sustainable growth in the future.

In historical terms, Australian equities are at record levels, and while economic conditions in Australia remain positive, the economic and political backdrop internationally is increasingly uncertain. While market volatility will continue to play a role in influencing the Group's financial performance Equity Trustees is in a strong financial position and being managed with a long term horizon firmly in mind.

The Group expects further changes in the industry as a result of the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*. The regulatory environment is expected to increase in intensity and as an organisation whose raison d'être is 'Good Governance', Equity Trustees welcomes developments that improve transparency, stability and overall outcomes for members, investors and unit holders. The Group also sees opportunities to take a leadership role in the lifting of governance standards across the areas of the industry in which we operate. Interest in the services we offer as a specialist, independent trustee continues to increase and we view this as a positive endorsement of the trust and capabilities we provide to our clients.

Overall the business proposition is 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 to offer its leading independent specialist trustee services.

The favourable environment, increasing diversification of services and our leading trustee capabilities are expected to underpin a positive outlook for the year ahead, and beyond.

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.

FROM THE CHAIR REMUNERATION, HUMAN RESOURCES & NOMINATIONS COMMITTEE

Dear Shareholders,

Equity Trustees is pleased to present its Remuneration Report for the 2019 financial year (FY19), which sets out remuneration information for Key Management Personnel and Non-Executive Directors. This introductory section outlines the link between performance and pay in FY19, as well as the planned changes to our Long-Term Incentive Plan for the 2020 financial year (FY20) and beyond.

PAYING FOR PERFORMANCE

I am pleased to say that Equity Trustees' remuneration framework has once again strongly aligned Executive remuneration with Company performance and shareholder interests in FY19.

Performance against short-term measures has resulted in incentives being paid to our Executives in the range of 62%-86% of target, relative to a strong increase in Group Profit Before Tax of 9.1%. In addition, Earnings Per Share (EPS) growth for the three-year measurement period ending 30 June 2019 was 17.5% per annum (and for the Managing Director, Total Shareholder Return was at the 85th percentile), resulting in an appropriate and well-deserved 100% vesting of Awards to eligible Executives for the relevant series in our Long-Term Incentive (LTI) Plan.

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.

OUR FIT-FOR-PURPOSE LONG-TERM INCENTIVE PLAN

Over the last 18 months we completed 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 to deliver strong Company performance and increase shareholder value over the long term. The review broadly considered two options of fine-tuning our existing LTI Plan or moving to a combined short- and long-term variable remuneration structure. As our current remuneration framework is largely effective in its current form (i.e. it has rewarded Executives when the Company has performed strongly and not rewarded Executives when the Company hasn't), the former approach was decided. As part of fine-tuning our LTI Plan, we considered our performance measures, vesting schedules and Board discretionary powers.

Whilst some proxy advisors prefer dual performance measures, a clear outcome of the review is that there is no second measure that is fit-for-purpose at Equity Trustees at this point in time. We considered a number of return- and capital-based measures for inclusion in the Plan, however the Executives either had limited control over the measures or they were not measures likely to add shareholder value; either way, it would not be a good use of our remuneration spend and it did not make sense to introduce a second measure for perception reasons only. Therefore, we will remain with EPS growth as our sole performance measure moving forward.

In addition, the review considered the vesting schedule for EPS growth. Since 1999 when the LTI Plan was introduced, the vesting schedule has provided 25% of the available Award for EPS growth of 5% per annum over the three-year measurement period, 100% of the available Award for EPS growth of 15% per annum, and a pro-rata Award in-between. As way of background, Equity Trustees has delivered EPS growth over the last 10 years less than the 5% threshold for minimum LTI Plan vesting, although we have achieved solid EPS growth over the past three years. As such, the Board's view is that in this subdued growth environment the vesting schedule lower threshold provides appropriate stretch for management to pursue growth. However, the upper vesting limit of 15% is too demanding and cannot be achieved without taking excessive risk. Therefore, for awards granted from FY20 the vesting schedule will change from a range of 5-15% to a range of 5-12% (at 5% per annum EPS growth, 25% of the Award vests and 100% vests at 12% per annum with pro-rata in-between). This change will create stronger alignment between our Executives and our shareholders through increased share ownership, subject to performance, and encourage appropriate risk taking.

Finally, although the Board has "absolute and unfettered" discretion at present under the LTI Plan, we have strengthened our change in control, clawback, malus and forfeiture clauses in line with best practice.

We are committed to attracting and retaining top talent to deliver on our strategy whilst balancing value creation for our shareholders and employees and believe these changes to the LTI Plan will help us do that.

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 2019. 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	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
TE Hammon	Independent Non-Executive Director	Commenced 1 December 2018
MANAGING DIRECTOR		
MJ O'Brien	Managing Director	Full year
EXECUTIVES		
MA Blair	Executive General Manager, TWS Superannuation Trustee Office	Full year
PD Gentry	Chief Financial Officer and Chief Operating Officer	Full year
HH Kalman	Executive General Manager, Corporate Trustee Services and Head of Global Fund Services	Full year
SL Redenbach	Executive General Manager, Human Resources	Full year
IC Westley	Executive General Manager, TWS Private Clients	Full year
OJ Brailsford	Chief Risk Officer	Commenced 18 February 2019

SUMMARY – EXECUTIVE REMUNERATION

The following table shows 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:

EXECUTIVE	SHORT-TERM EMPLOYEE BENEFITS		POST EMPLOY-MENT BENEFITS	TOTAL EMPLOY-MENT COST (TEC)[4]	SHORT-TERM BONUS/ INCENTIVE	LONG-TERM EMPLOYEE BENEFITS	SHARE BASED PAYMENTS[3]	TOTAL
	SALARY $	NON-MONETARY[1] $	SUPER-ANNUATION[2] $	$	$	LONG SERVICE LEAVE $	$	$
MANAGING DIRECTOR								
MJ O'Brien								
2019	713,864	15,605	20,531	750,000	380,000	12,044	328,276	1,470,320
2018	664,827	15,125	20,048	700,000	415,000	6,631	228,319	1,349,950
EXECUTIVES								
MA Blair, Executive General Manager, TWS Superannuation Trustee Office								
2019	299,469	-	20,531	320,000	110,000	3,036	127,888	560,924
2018	276,952	-	23,048	300,000	130,000	2,436	35,451	467,887
PD Gentry, Chief Financial Officer and Chief Operating Officer								
2019	412,659	10,125	20,531	443,315	165,000	4,015	187,201	799,531
2018	404,827	10,125	20,048	435,000	230,000	3,677	135,839	804,516
HH Kalman, Executive General Manager, Corporate Trustee Services and Global Head of Fund Services								
2019	409,344	10,125	20,531	440,000	165,000	9,889	207,133	822,022
2018	399,827	10,125	20,048	430,000	255,000	8,946	116,046	809,992
SL Redenbach, Executive General Manager, Human Resources								
2019	274,229	5,240	20,531	300,000	100,000	2,608	121,316	523,924
2018	234,872	5,080	20,048	260,000	100,000	1,308	30,725	392,033
IC Westley, Executive General Manager, TWS Private Clients								
2019	379,469	-	20,531	400,000	160,000	11,403	183,880	755,283
2018	349,952	-	20,048	370,000	195,000	8,798	65,587	639,385
OJ Brailsford, Chief Risk Officer								
2019	107,029	5,000	7,845	119,874	20,000[5]	340	-	140,214

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 Superannuation Guarantee Charge (SGC) and, in some cases, additional superannuation payments that have been sacrificed from salary.

3 Share-based payments relate to the value of Long-Term Incentive (LTI) and ex-gratia Awards. The value attributable to Awards is based on the accounting cost, using the fair value at grant date. For the EPS (LTI) 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 2016/2017 Series which ended on 30 June 2019 was awarded in full, as the EPS performance criteria was achieved. 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 that will be earned is revised downwards. 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. The TSR criterion for the 2016/2017 Series which ended on 30 June 2019 was awarded in full, as the requisite criteria was achieved, further details of which are included in the Company Performance section of this Remuneration Report. Share-based payments for SL Redenbach, IC Westley and MA Blair also include an ex-gratia award of shares, the details of which are described in detail later in the Remuneration Report.

4 The remuneration increases for the Managing Director, SL Redenbach and IC Westley were market-based to bring their Total Employment Cost nearer to, or at, the mid-point of the data in line with the EQT Group Remuneration Policy.

5 The Total Employment Cost and Short-Term Incentive Payment for OJ Brailsford were pro-rated based on tenure (commencement date 18 February 2019).

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.

Following the completion of a scheduled market review of Non-Executive Director fees, effective 1 July 2018 the fee (inclusive of superannuation) for the Board Chair increased from $180,000 per annum to $220,000 per annum, and for Non-Executive Directors from $90,000 per annum to $110,000 per annum. The Board Committee fees remained unchanged. We believe these fees are appropriate based on workload and in an increasingly regulated industry where Non-Executive Directors are responsible for providing a high level of corporate governance. This is particularly important for a Trustee company, where governance and trust is our business.

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 shows the Non-Executive Directors of EQT Holdings Limited during the year, together with their remuneration entitlements:

DIRECTORS	SHORT-TERM BENEFITS			POST-EMPLOY-MENT BENEFITS	LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS	TOTAL
	FEE $	BONUS $	NON-MONETARY[1] $	SUPER-ANNUATION[2] $	$	$	$
JG Kennett, Chairman							
2019	195,313	-	5,600	19,087	-	-	220,000
2018	152,412	-	5,050	14,959	-	-	172,421
AJM Williams							
2019	116,005	-	5,000	11,495	-	-	132,500
2018	107,500	-	5,000	10,688	-	-	123,188
AM O'Donnell							
2019	122,854	-	5,000	12,146	-	-	140,000
2018	108,782	-	5,000	10,809	-	-	124,591
KJ Eley							
2019	118,288	-	5,000	11,712	-	-	135,000
2018	111,987	-	5,000	11,114	-	-	128,101
DG Sedgwick							
2019	109,950	-	-	25,050	-	-	135,000
2018	98,431	-	-	25,000	-	-	123,431
JR Minto							
2019	126,190	-	1,664	12,146	-	-	140,000
2018	116,987	-	-	11,114	-	-	128,101
TE Hammon[3]							
2019	55,683	-	2,917	5,567	-	-	64,167

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 Fees for TE Hammon were pro-rated based on tenure (commencement date 1 December 2018).

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 Holding Company'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 policies 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
- Develops and implements a process for evaluating the performance of employees.

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 and Directors.

At the Remuneration Committee's invitation, the Managing Director and Executive 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, or other advisors as needed. Aon were engaged in 2018/19 to complete a review of the Group's *Executive Performance Share Plan 1999*. The Remuneration Committee did not seek a formal remuneration recommendation (as defined in the *Corporations Act 2001*) from Aon, but subsequently made changes to the Long-Term Incentive Plan (LTI Plan) from FY20, which are outlined in the Letter from the Chair of the Remuneration, HR and Nominations Committee.

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 strategy and performance
- Ensure appropriate focus on leadership, culture, values and compliance
- 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
- 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)

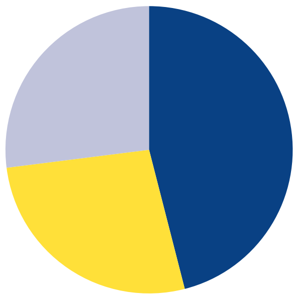
- Annual 'at risk' component based on Company, business unit and individual performance
- Target: The target opportunity for Executives is in the range of 30% to 60% of TEC
- Settlement: Normally paid as cash through the payroll system
- Remuneration Committee considers and recommends STI participation to the Board

LONG-TERM INCENTIVE (LTI)

- Delivered in equity awards (and shares at vesting) based on prescribed performance hurdles
- Range: 30% 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

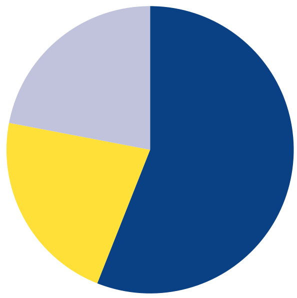
Executives continue to have a significant portion of their remuneration linked to performance and at risk. The diagrams below show the remuneration mix if target variable elements are fully achieved for the Managing Director and current Executives.

MANAGING DIRECTOR



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

EXECUTIVES



Fixed (cash)	46-63%
STI (cash)	19-27%
LTI (equity)	19-27%

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 2019, along with comparative information covering the previous four years.

	30 JUNE 2019 $'000	30 JUNE 2018 $'000	30 JUNE 2017 $'000	30 JUNE 2016 $'000	30 JUNE 2015 $'000
Revenue	**92,499**	88,456	79,928	83,696	84,857
Net profit before tax (NPBT)	**31,336**	28,731	22,266	18,913	24,158
Net profit after tax (NPAT)	**22,194**	19,696	15,437	13,288	16,959
NPAT margin	**24.0%**	22.3%	19.3%	15.9%	20.0%

	30 JUNE 2019 $	30 JUNE 2018 $	30 JUNE 2017 $	30 JUNE 2016 $	30 JUNE 2015 $
Share price at start of year	**20.80**	17.71	16.44	20.39	20.98
Share price at end of year	**29.60**	20.80	17.71	16.44	20.39

	30 JUNE 2019 CPS	30 JUNE 2018 CPS	30 JUNE 2017 CPS	30 JUNE 2016 CPS	30 JUNE 2015 CPS
Interim dividend[1]	**44**	40	35	34	46
Final dividend (paid or payable)[1, 2]	**46**	42	36	34	48
Total dividends for the year[1]	**90**	82	71	68	94
Earnings per share	**108.61**	97.27	77.00	66.98	87.80

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 exhibited continued growth across all of its key value creation measures during the 2019 financial year. The NPAT margin has increased by 1.7%, 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 9.8, to 90 cents per share, compared with the prior period of 82 cents.

In terms of Total Shareholder Returns (TSR), the one-year, two-year and three-year TSRs for the period ending 30 June 2019 are 46.7%, 76.8% and 94.8% 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 key measures, along with the continued, improved bottom-line performance of the Group, have been reflected in the Short-Term Incentives awarded to the Managing Director and Executives for the 2019 financial year. Approximately 75% (2018: 99%) of the target short-term incentive opportunity has been awarded to the Managing Director and eligible Executives. 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, it was pleasing that the awards linked to the EPS criterion relating to the 2016/17 Series which ended on 30 June 2019 fully vested. For the Managing Director, 50% of the 2016/17 LTI Award was linked to the Total Shareholder Return of the Company compared with a group of peer companies, comprising the participants in the ASX 200 Diversified Financials Index. The Company TSR for the three-year period resulted in the Company being ranked at the 85th percentile of the peer group, resulting in a 100% vesting of the TSR component of the LTI award.

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 financial and non-financial measures. In FY19, these measures included Group and Business Unit profit before tax (PBT), expense control, client satisfaction, employee engagement, service delivery, leadership and compliance. The weightings varied according to the specific responsibilities of the Executives.

MEASURE	MANAGING DIRECTOR FY19 KPIs % WEIGHTING	REVENUE BU FY19 KPIs % WEIGHTING	SUPPORT BU FY19 KPIs % WEIGHTING	RANGE OF RESULTS AGAINST KPIs
All				
Group PBT[1]	50	30	30-50	Partially met
Business Unit				
Business Unit PBT	-	35-40	-	Partially met
Expenses vs budget	-	-	10-30	Met – Exceeded
Staff engagement	10	10	10	Partially met – Exceeded
Service delivery (internal)	-	-	10-30	Met – Exceeded
Client satisfaction (external)[2]	-	0-5	0-30	Partially met
Personal				
Leadership	10	10	10	Met – Exceeded
Compliance[3]	-	10	5-30	Met
EQT public profile and reputation	10	-	-	Exceeded
Strategy – M&A, partnerships and projects (development and Implementation)	15	-	-	Met
Board support	5	-	-	Exceeded
	100	100	100	

1 An acceptable result for PBT (allowing for all non-operating expenses) is a gate to eligibility for a short-term performance incentive.
2 This measure includes generation of investment performance.
3 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 target 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 (with input from the Board Risk, Board Audit and Compliance Committees) and the Board considered and approved these incentives. The outcome of each assessment is set out below

EXECUTIVES	2019 TEC $	2019 STI OPPORTUNITY $	2019 STI AWARDED $	PERCENTAGE OF OPPORTUNITY AWARDED %
MJ O'Brien	750,000	450,000	380,000	84
MA Blair	320,000	128,000	110,000	86
PD Gentry	445,000	222,500	165,000	74
HH Kalman	440,000	264,000	165,000	63
SL Redenbach	300,000	120,000	100,000	83
IC Westley	400,000	240,000	160,000	67
OJ Brailsford	325,000	32,500[1]	20,000	62

1 OJ Brailsford's STI payment was pro-rated based on tenure (commencement date 18 February 2019).

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 (or 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 for FY19 as determined by the Remuneration Committee and approved by the Board. As mentioned in the Letter from the Chair of the Remuneration Committee, in FY20 there will be a number of fit-for-purpose changes to the Plan to retain and incentivise Executives and deliver increased shareholder value.

KEY TERMS AND CONDITIONS (FY19)

The value of the Award is determined by the Remuneration Committee, and 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 following table shows the basis of measurement, hurdle and vesting schedule for the LTI series ending 30 June 2019, as well as the current active series:

		TERMS OF AWARD	
SERIES (YEAR OF AWARD)	**BASIS OF MEASURMENT**	**HURDLE**	**VESTING SCHEDULE**
2016/17	EPS	5% 5% to 15% p.a >15% p.a	25% Pro Rata 100%
	TSR (50% weighting for Managing Director)	Percentile of peer group 50th Percentile 50th to 75th Percentile >75th percentile	50% Pro Rata 100%
2017/18	EPS	5% 5% to 15% p.a >15% p.a	25% Pro Rata 100%
	TSR (50% weighting for Managing Director)	Percentile of peer group 50th Percentile 50th to 75th Percentile >75th percentile	50% Pro Rata 100%
	EBIT (UK) (40% weighting for Executive General Manager, Corporate Trustee Services)	60% Forecast 60% to 90% Forecast >90% Forecast	50% Pro Rata 100%
2018/19	EPS	5% 5% to 15% p.a >15% p.a	25% Pro Rata 100%
	EBIT (UK) (25% weighting for Executive General Manager, Corporate Trustee Services)	60% Forecast 60% to 90% Forecast >90% Forecast	50% Pro Rata 100%

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 2019	GRANT DATE	EXPIRY DATE	EXERCISE PRICE $	FAIR VALUE AT GRANT DATE $	MAXIMUM POTENTIAL ACCOUNTING VALUE OF GRANT[1] $
2018/19 Series EPS (MD only)	**21,940**	19/10/18	30/06/21	Nil	20.40	447,576
2018/19 Series EPS (Executives)	**44,292**	7/09/18	30/06/21	Nil	21.20	938,990
2018/19 Series EBIT (EGM CTS only)	**3,218**	7/09/18	30/06/21	Nil	21.20	68,222
2018/19 Series ex-gratia (Executives)	**6,000**	1/02/19	30/06/19	Nil	24.39	146,340
2018/19 Series ex-gratia (Executives)	**6,000**	1/02/19	30/06/20	Nil	24.39	146,340
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**	7/09/2017	30/06/20	Nil	15.36	725,253
2017/18 Series EBIT (EGM CTS only)	**5,955**	7/09/2017	30/06/20	Nil	15.36	91,469
2016/17 Series TSR (MD only)	**12,644**	28/10/16	30/06/19	Nil	11.88	150,210
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
Totals	**215,042**					3,731,124

1 The potential minimum accounting value of each Grant series is nil.

2018/19 EX-GRATIA ISSUE OF SHARES TO SELECTED EXECUTIVES

In their discretion, the Board has determined to award SL Redenbach, IC Westley and MA Blair an issue of 4,000 shares each, in lieu of their participation in the Series 12 LTI plan. Series 12 was granted on 16 September 2016, and corresponds to a measurement period from 1 July 2016 to 30 June 2019. The Series 12 EPS award has fully vested as at 30 June 2019 and entitlements under this award are expected to be converted to ordinary shares in August/September 2019. SL Redenbach, IC Westley and MA Blair were each appointed to their respective executive roles approximately one month after the invitations to participate in the Series 12 award were finalised. The intent of this ex-gratia issue is to recognise their contribution to the Group's financial performance over an equivalent period to the Series 12 award.

The rules relevant to this specific award of shares are:

- 4,000 shares awarded to each of SL Redenbach, IC Westley and MA Blair:
  - 2,000 shares awarded as part of each Executives' 2019 compensation (and included in their aggregate compensation disclosed in the *Summary – Executive Remuneration* at the commencement of this report), which are to be issued in August/September 2019.
  - A further 2,000 shares will be awarded as part of each Executives' 2020 compensation, which are also to be issued in August/September 2019, but which will remain encumbered and their issuance to individual Executives will be subject to their continued employment until 30 June 2020 (a proportion of the cost shall form part of their aggregate compensation in the 30 June 2020 financial year).
- Executives will be entitled to receive dividends on the encumbered shares.
- The shares shall be issued based on the 5-day volume weighted average price of the Company to 1 February 2019. Their fair value has been determined to be equivalent to their issue price.

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

	BALANCE OF AWARDS AT 1 JULY 2018	AWARDS GRANTED AS COMPENS-ATION	AWARDS EXERCISED INTO SHARES	AWARDS FORFEITED	BALANCE OF AWARDS AT 30 JUNE 2019	AWARDS VESTED & EXERCISABLE (EXCLUDING THOSE ALREADY EXERCISED)	BALANCE OF AWARDS NOT VESTED AT 30 JUNE 2019[1]	VESTED DURING 2019 YEAR
2019	**NO.**	**NO.**	**NO.**	**NO.**	**NO.**	**NO.**	**NO.**	**NO.**
MJ O'Brien	49,523	21,940	-	-	71,463	25,288	46,175	25,288
MA Blair	6,924	10,240	-	-	17,164	2,000	15,164	2,000
PD Gentry	26,316	10,848	-	-	37,164	13,766	23,398	13,766
HH Kalman	32,018	12,871	-	-	44,889	17,131	27,758	17,131
SL Redenbach	6,001	9,850	-	-	15,851	2,000	13,851	2,000
IC Westley	12,810	15,701	-	-	28,511	2,000	26,511	2,000
OJ Brailsford	-	-	-	-	-	-		-
Totals	133,592	81,450	-	-	215,042	62,185	152,857	62,185

1 The balance of Awards not vested at 30 June 2019 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.

	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
2018	**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	-
Totals	66,677	77,407	-	(10,492)	133,592	-	133,592	-

1 The value of Awards forfeited for Executives during the year ended 30 June 2017/18 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.

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 three and six months.

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 2018	RECEIVED ON EXERCISE OF SHARE RIGHT	NET OTHER CHANGE	BALANCE AT 30 JUNE 2019
DIRECTORS	**NO.**	**NO.**	**NO.**	**NO.**
JG Kennett	51,729	-	2,544	54,273
AJM Williams	7,621	-	485	8,106
AM O'Donnell	10,927	-	603	11,530
KJ Eley	115,524	-	6,664	122,188
DG Sedgwick	11,920	-	1,294	13,214
JR Minto	10,191	-	373	10,564
TE Hammon	-	-	2,064	2,064
MJ O'Brien	23,118	-	2,469	25,587
EXECUTIVES				
MA Blair	1,056	-	-	1,056
PD Gentry	2,121	-	75	2,196
HH Kalman	26,647	-	-	26,647
SL Redenbach	139	-	251	390
IC Westley	1,290	-	-	1,290
OJ Brailsford	-	-	47	47
Totals	262,283	-	16,869	279,152

There were no shares granted during the 2019 financial year as compensation, other than as disclosed in footnote 3 of the *Summary – Executive Remuneration* table on page 49 and as further described in the *2018/19 ex-gratia issue of shares to selected Executives* section on page 58 of this report.

	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
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
Totals	241,702	-	20,581	262,283

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 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 62 of the Financial Report.

On behalf of the Directors

THE HON. JEFFREY G KENNETT AC
Chairman
Dated 21 August 2019

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

21 August 2019

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 2019, 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 sincerely

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 2019

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 21 August 2019

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTE	2019 $'000	2018 $'000
Revenue and other income	1	**92,499**	88,456
Expenses	2	**(56,386)**	(55,152)
Finance costs		**(829)**	(801)
Depreciation and amortisation	7, 9	**(3,948)**	(3,772)
Profit before income tax expense		**31,336**	28,731
Income tax expense	4	**(9,967)**	(9,298)
Profit for the year		**21,369**	19,433
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange translation differences for foreign operations		**76**	111
Total comprehensive income for the year		**21,445**	19,544
Profit for the year attributable to:			
Equity holders of the Company		**22,194**	19,696
Non-controlling interests		**(825)**	(263)
Profit for the year		**21,369**	19,433
Total comprehensive income attributable to:			
Equity holders of the Company		**22,270**	19,810
Non-controlling interests		**(825)**	(266)
Total comprehensive income for the year		**21,445**	19,544
Earnings per share			
Basic (cents per share)	5	**108.61**	97.27
Diluted (cents per share)	5	**107.85**	96.89

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 2019

	NOTE	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	17	**54,434**	60,651
Trade and other receivables	18	**11,719**	13,450
Prepayments		**1,753**	1,129
Accrued income		**8,586**	8,866
Other financial assets	19	**15,257**	7,138
Total current assets		**91,749**	91,234
Non-current assets			
Trade and other receivables	18	**108**	108
Furniture, equipment and leasehold	9	**6,725**	7,510
Intangible assets	7	**83,383**	85,586
Goodwill	8	**127,586**	127,561
Total non-current assets		**217,802**	220,765
Total assets		**309,551**	311,999
Current liabilities			
Trade and other payables	20	**1,661**	1,399
Provisions	10	**6,615**	8,062
Other current liabilities	11	**679**	782
Current tax payable	4	**1,856**	4,454
Total current liabilities		**10,811**	14,697
Non-current liabilities			
Provisions	10	**2,769**	2,384
Borrowings	13	**12,000**	20,000
Other non-current liabilities	11	**2,672**	2,542
Deferred tax liabilities	4	**18,007**	18,522
Total non-current liabilities		**35,448**	43,448
Total liabilities		**46,259**	58,145
Net assets		**263,292**	253,854
Equity			
Issued capital	14	**242,981**	238,633
Reserves	15	**2,907**	1,647
Retained earnings		**18,299**	14,102
Equity attributable to owners of the Company		**264,187**	254,382
Non-controlling interest		**(895)**	(528)
Total equity		**263,292**	253,854

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 2019

	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 Equity Trustees (UK & Europe) Limited (Formerly: Treasury Capital Limited)	-	-	-	-	-	(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.

*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 2018	238,633	14,102	1,533	114	254,382	(528)	253,854
Profit for the year	-	22,194	-	-	22,194	(825)	21,369
Foreign exchange translation differences for foreign operations	-	-	-	76	76	-	76
Total comprehensive income for the year	-	22,194	-	76	22,270	(825)	21,445
Foreign exchange translation differences for foreign operations	-	-	-	-	-	4	4
Acquisition of additional interest in Equity Trustees (UK & Europe) Ltd	-	(454)	-	-	(454)	454	-
Shares issued under employee salary sacrifice share plan	95	-	-	-	95	-	95
Shares issued under dividend reinvestment plan	4,070	-	-	-	4,070	-	4,070
Shares issued under employee share acquisition plan	203	-	(203)	-	-	-	-
Shares issued under executive share scheme	-	-	-	-	-	-	-
Share issue costs	(28)	-	-	-	(28)	-	(28)
Related income tax	8	-	-	-	8	-	8
Provision for executive share entitlements	-	-	1,178	-	1,178	-	1,178
Provision for employee share acquisition plan	-	-	209	-	209	-	209
Payment of dividends	-	(17,543)	-	-	(17,543)	-	(17,543)
Balance at 30 June 2019	**242,981**	**18,299**	**2,717**	**190**	**264,187**	**(895)**	**263,292**

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 2019

	NOTE	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		**101,255**	91,586
Payments to suppliers and employees		**(65,692)**	(59,843)
Income tax paid		**(12,288)**	(6,671)
Net cash provided by operating activities	6	**23,275**	25,072
Cash flows from investing activities			
(Investment in)/redemption from managed investment schemes		**(8,000)**	10,906
Interest and managed fund distributions received		**925**	841
Payment for furniture, equipment and leasehold		**(470)**	(3,844)
Payment for intangible assets		**(467)**	(348)
Net cash outflow on acquisition of subsidiaries	12	**-**	(5,531)
Net cash provided by/(used in) investing activities		**(8,012)**	2,024
Cash flows from financing activities			
Proceeds from issues of equity securities		**-**	-
(Repayment of)/proceeds from borrowings		**(8,000)**	5,000
Payment for share issue cost		**(28)**	(24)
Dividend paid to members of the parent entity (net of shares issued under dividend reinvestment plan)		**(13,469)**	(11,599)
Net cash used in financing activities		**(21,497)**	(6,623)
Net increase/(decrease) in cash held		**(6,234)**	20,473
Cash and cash equivalents at beginning of financial year		**60,651**	40,328
Exchange fluctuations on foreign cash balances		**17**	(150)
Cash and cash equivalents at end of financial year	17	**54,434**	60,651

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, the United Kingdom and Ireland.

The Company'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 21 August 2019.

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
- 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, INDEFINITE LIFE MANAGEMENT RIGHTS AND CUSTOMER CONTRACT INTANGIBLES (NOTES 7 AND 8)

Determining whether goodwill or 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 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 2019 the carrying amount of goodwill is $127,586,000 and $80,556,000 for management rights and customer contract intangibles (2018: $127,561,000 goodwill and $82,119,000 management rights and customer contract intangibles). No impairment has been identified (30 June 2018: nil).

ESTATE ADMINISTRATION REVENUE (A COMPONENT OF 'OTHER SERVICES REVENUE') (NOTE 1)

Revenue associated with estate administration activities is recognised over time as the relevant services are provided. 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 timing of the completion of the performance obligations in accordance with the progress of the estate.

INTANGIBLE ASSETS (NOTE 7)

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 2019 no change has been made to the useful lives of intangible assets, as disclosed in note 7 (2018: no change). Acquired customer contract intangible assets during the year have been determined to have a useful life of 16 years.

PROVISIONS (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 liabilities that have uncertain timing or amounts including employee benefit provisions. The aggregate value of the current and non-current provisions at 30 June 2019 is $9,384,000 (2018: $10,446,000).

INCOME TAX TREATMENT (NOTE 26)

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.

PERFORMANCE

1 REVENUE AND OTHER INCOME

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

	2019 $'000	2018 $'000
Revenue		
Private client trustee services	**41,867**	41,188
Superannuation trustee services	**13,104**	11,857
Corporate trustee services	**30,078**	27,627
Other services	**6,375**	6,649
Revenue from service activities	**91,424**	87,321
Interest and managed fund distributions	**1,093**	840
	92,517	88,161
Other income		
Recoveries	**17**	287
Foreign currency (loss)/gain	**(35)**	8
Total revenue and other income	**92,499**	88,456
The following is an analysis of investment revenue earned on financial assets by category of asset:		
At fair value through profit or loss (FVTPL) – managed funds	**185**	108
At amortised cost (including cash and bank balances)	**908**	732
Total investment income earned on financial assets	**1,093**	840

ACCOUNTING POLICIES

Revenue is recognised on an accruals basis, as a service is transferred to a customer or a performance obligation is satisfied (if it is highly probable that a significant reversal is unlikely to occur), at the fair value of the consideration specified in the contract.

Under AASB 15, revenue recognition for each of the Group's revenue streams is as follows:

REVENUE STREAM	INCLUDES	PERFORMANCE OBLIGATION	TIMING OF RECOGNITION
Private client trustee services	Traditional trustee services for philanthropy, testamentary, indigenous and compensation trusts, and investment mandates	Governance and oversight of trusts, portfolios, mandates and their related investments	Over time as the relevant services are provided. Revenues are determined with reference to funds under administration and supervision
Superannuation trustee services	Trustee services for superannuation funds	Governance and oversight of funds and their related investments	Over time as the relevant services are provided. Revenues are determined with reference to funds under management and supervision
Corporate trustee services	Responsible entity and corporate trustee services	Governance and oversight of registered and unregistered schemes and trusts	Over time as the relevant services are provided. Revenues are determined with reference to funds under supervision
Other services (this category includes all residual services that do not fall into one of the above categories)	Estate administration fees	Estate administration and distribution	Over time as the relevant services are provided. Revenues are determined with reference to funds under administration during the estate administration process
	Estate planning fees Tax fees	Preparation of estate plans and tax returns	On completion of the provision of the relevant service. Revenues are determined with respect to the complexity of client arrangements

Revenue earned for private client, superannuation and corporate trustee services, is generally provided under contracts that do not contemplate an end date. Notwithstanding this, the performance obligations associated with the services provided are met continuously over time, and accordingly, there is no unsatisfied performance obligation as at 30 June 2019.

For estate administration services (a component of other services) there are estates for which some of the performance obligations remain unsatisfied, to which a portion of the transaction price is allocated. Notwithstanding this, the Group's general expectation is that the administration process will have a duration of less than 12 months for all estates. In some circumstances, and in particular for estates where litigation takes place, the duration may exceed 12 months however this is generally not known at the time of inception. For those estates where the duration of the administration process will exceed 12 months, the amount not recognised at 30 June 2019 is insignificant.

For tax and estate planning fees (both of which are components of other services) the related performance obligations are satisfied at the time that the work is concluded and the services have been delivered to the client. The transaction price is realised at this point in time.

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

From time to time, the Group may earn income when expenses paid are subsequently recovered, such as for insurance claims, legal settlements or other cost recoveries. Income earned in such cases is recognised when the Group's right to receive payment has been established.

2 EXPENSES

	2019 $'000	2018 $'000
Salaries and related employee expenses:		
Wages and salaries	**35,159**	34,352
Post-employment benefits	**2,652**	2,473
Equity-settled share-based payments	**1,482**	890
Other employment related expenses	**1,707**	1,270
Administrative and general expenses:		
Loss on disposal of plant, equipment and software	**5**	489
Other administrative and general expenses	**4,344**	4,217
Information technology expenses	**4,280**	4,496
Occupancy expenses:		
Minimum lease payments	**1,740**	1,621
Outgoings and other occupancy expenses	**863**	682
Legal, consulting and regulatory expenses	**2,204**	2,826
Audit and tax advice expenses	**1,195**	1,236
Insurance expenses	**755**	600
Total expenses	**56,386**	55,152

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, the United Kingdom and Ireland. Due to their size relative to the Australian operations and their similar economic characteristics, the United Kingdom and Ireland operations are aggregated for the purposes of segment reporting.

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.

	2019 $'000	2018 $'000
Segment revenue		
Trustee & Wealth Services		
Private Client Trustee Services	**41,867**	41,188
Superannuation Trustee Services	**13,104**	11,857
Other services	**6,375**	6,649
	61,346	59,694
Corporate Trustee Services		
Corporate Trustee Services – Australia	**29,363**	26,995
Corporate Trustee Services – United Kingdom/Ireland	**715**	632
	30,078	27,627
	91,424	87,321
Unallocated	**1,075**	1,135
Total revenue and other income per statement of profit or loss	**92,499**	88,456

The revenue reported above represents revenue generated from external customers. There were no inter-segment sales (2018: nil).

There were no discontinued operations (2018: nil).

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

	2019 $'000	2018 $'000
Segment net profit/(loss) before tax		
Trustee & Wealth Services	**18,076**	16,449
Corporate Trustee Services – Australia	**15,092**	13,167
Corporate Trustee Services – United Kingdom/Ireland	**(2,169)**	(711)
Corporate Trustee Services	**12,923**	12,456
	30,999	28,905
Unallocated	**337**	(174)
Total net profit before tax per statement of profit or loss	**31,336**	28,731

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.

4 INCOME TAXES

	2019 $'000	2018 $'000
Income tax expense comprises:		
Current income tax expense	**10,384**	8,367
Prior year tax adjustments recognised in the current year	**(5)**	51
Deferred tax expense relating to the origination and reversal of temporary differences	**(412)**	880
Total income tax expense	**9,967**	9,298
The income tax expense for the year can be reconciled to accounting profit as follows:		
Profit before tax from continuing operations	**31,336**	28,731
Income tax expense calculated at 30%	**9,400**	8,619
Effect of different tax rates of subsidiaries operating in other jurisdictions	**188**	196
Non-deductible expenses	**688**	417
Non-assessable income	**(304)**	15
	9,972	9,247
Prior year tax adjustments	**(5)**	51
	9,967	9,298

The tax rate used in the above 2019 and 2018 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%. The Group's Irish operations are subject to a corporate tax rate of 12.5%. There has been no change in the corporate tax rates applied when compared with the prior financial year.

In 2019 the UK and Irish operations generated a combined loss of $2,169k (2018: $658k) before tax. The tax benefit associated with these losses, and those of the prior year, has been recognised in the consolidated financial statements because Management consider it probable that future taxable profits will be available against which these losses can be utilised. Management's assessment is based on a range of factors, including the future revenue associated with new business opportunities recently secured, the pipeline of new business opportunities, and projections of new expenditure required.

	2019 $'000	2018 $'000
Income tax expense/(credit) recognised directly in equity:		
Current tax:		
Share issue expenses deductible over 5 years	**(20)**	(467)
Deferred tax:		
Arising on transactions with equity participants:		
Share issue expenses deductible over 5 years	**12**	460
Total income tax recognised directly in equity	**(8)**	(7)
Current tax liabilities:		
Income tax payable	**1,856**	4,454
Deferred tax balances are presented in the statement of financial position as follows:		
Deferred tax liability	**(18,007)**	(18,522)

Included in the current tax payable of $1,856,000 described in the above table is an offsetting current tax asset of $783,570 (2018: $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
2019					
Temporary differences					
Provisions	3,196	(18)	-	-	3,178
Expenditure deductible over 5 years	185	(65)	(13)	-	107
Property, plant and equipment	(285)	192	-	-	(93)
Intangible assets	(21,618)	(47)	-	-	(21,665)
Tax losses	-	466	-	-	466
	(18,522)	**528**	**(13)**	**-**	**(18,007)**
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)

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 taxable profit nor 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	2019 CENTS PER SHARE	2018 CENTS PER SHARE
Basic earnings per share	**108.61**	97.27
Diluted earnings per share	**107.85**	96.89

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	2019 $'000	2018 $'000
Net profit after tax attributable to equity holders of the Company	**22,194**	19,696

	2019 NO. '000	2018 NO. '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**20,435**	20,248
Shares deemed to be issued for no consideration in respect to employee share entitlements	**144**	79
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**20,579**	20,327

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

	2019 $'000	2018 $'000
Profit for the year	**21,369**	19,433
Income tax expense recognised in profit and loss	**9,967**	9,298
Depreciation and amortisation of non-current assets	**2,383**	2,361
Amortisation of management rights	**1,565**	1,411
(Profit)/loss on disposal of plant and equipment	**5**	489
Equity-settled share-based payments	**1,482**	890
Interest income received and receivable	**(1,093)**	(840)
Foreign currency (gain)/loss	**35**	(8)
	35,713	33,034
Movements in working capital		
(Increase)/decrease in trade and other receivables	**997**	(1,886)
(Increase)/decrease in other assets	**(345)**	(3,167)
Increase/(decrease) in trade and other payables	**262**	(1,112)
Increase/(decrease) in other provisions	**(1,064)**	4,874
Cash generated from operations	**35,563**	31,743
Income taxes paid	**(12,288)**	(6,671)
Net cash generated by operating activities	**23,275**	25,072

NON-CASH FINANCING ACTIVITIES

Non-cash financing activities during the year were dividend reinvestments of $4,070,000 (2018: $3,760,000) and employee salary sacrifice share issues $95,000 (2018: $58,000).

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 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
Additions	492	-	-	492
Effect of foreign currency exchange differences	-	-	2	2
Disposals	(165)	-	-	(165)
Balance at 30 June 2019	8,630	753	88,918	98,301
Accumulated amortisation and impairment				
Balance at 1 July 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
Disposals	(161)	-	-	(161)
Amortisation expense	1,053	75	1,565	2,693
Balance at 30 June 2019	6,343	213	8,362	14,918
Net book value				
As at 30 June 2018	2,852	615	82,119	85,586
As at 30 June 2019	2,287	540	80,556	83,383

	2019 $'000	2018 $'000
Aggregate amortisation recognised as an expense during the year:		
Amortisation of computer software	**1,053**	1,265
Amortisation of leasehold makegood	**75**	75
Amortisation of management rights	**1,565**	1,411
Total amortisation expense	**2,693**	2,751

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.

	2019 $'000	2018 $'000
Indefinite life	**73,018**	73,016
Fixed life	**7,538**	9,103
	80,556	82,119

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 has 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 has 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
- 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 (for finite life intangibles) 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	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

	2019 $'000	2018 $'000
Cost	**127,561**	127,561
Accumulated impairment losses	**-**	-
	127,561	127,561
Balance at beginning of the financial year	**127,561**	125,743
Amounts recognised during the year	**-**	1,724
Effects of foreign currency exchange differences	**25**	94
	127,586	127,561

There are no accumulated impairment losses (2018: nil).

During the financial year the Group assessed the recoverable amount of goodwill and determined that no impairment had occurred (2018: nil).

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

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

	2019 $'000	2018 $'000
Corporate Trustee Services	**5,523**	5,498
Trustee & Wealth Services	**122,063**	122,063
	127,586	127,561

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 8.84% (2018: 10.49%). 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 8.84% (2018: 10.49%). 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 $30,800,000, and TWS of $43,300,000 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 $37,000,000, and TWS of $52,700,000, 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 $21,800,000, and TWS of $46,000,000, 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 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
Additions	451	1	20	472
Effect of foreign currency exchange differences	-	-	(1)	(1)
Disposals	(910)	-	-	(910)
Balance at 30 June 2019	1,974	6,504	995	9,473
Accumulated depreciation and Impairment				
Balance at 1 July 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
Disposals	(909)	-	-	(909)
Depreciation expense	343	771	141	1,255
Balance at 30 June 2019	1,083	1,360	305	2,748
Net book value				
As at 30 June 2018	784	5,914	812	7,510
As at 30 June 2019	891	5,144	690	6,725

	2019 $'000	2018 $'000
Aggregate depreciation recognised as an expense during the year:		
Computer hardware and equipment	**343**	370
Leasehold improvements	**771**	537
Office furniture and equipment	**141**	114
Total depreciation expense	**1,255**	1,021

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

	2019 $'000	2018 $'000
Current		
Employee benefits	**5,191**	6,847
Other provisions	**1,424**	1,215
	6,615	8,062
Non-current		
Employee benefits	**1,945**	1,586
Leasehold makegood	**824**	798
	2,769	2,384

	LEASEHOLD MAKEGOOD $'000	OTHER PROVISIONS $'000	EMPLOYEE BENEFITS (NOTE 23) $'000	TOTAL $'000
Balance at 1 July 2018	798	1,215	8,433	10,446
Net additional provisions recognised	26	422	2,917	3,365
Decrease arising from payments	-	(213)	(4,214)	(4,427)
Other movements	-	-	-	-
Balance at 30 June 2019	824	1,424	7,136	9,384

The leasehold makegood 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.

Employee benefits includes annual leave, long service leave and bonus.

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

	2019 $'000	2018 $'000
At amortised cost		
Current		
Corpus commission collected but not earned	**3**	9
Other liabilities	**676**	773
	679	782
Non-current		
Lease related liabilities[1]	**2,637**	2,507
Corpus commission collected but not earned	**35**	35
	2,672	2,542

1 Lease related liabilities arise as a result of the straight-line method of lease accounting for operating leases as required by AASB 117 *Leases*.

12 BUSINESS COMBINATIONS

ACQUISITION OF BUSINESSES

YEAR ENDED 30 JUNE 19

Acquisition of Zurich Australian Superannuation Pty Limited (ZAS)

On 25 February 2019, the Group announced that it had agreed to acquire the superannuation trustee operations of Zurich Australia, via the acquisition of 100% of the shares of Zurich Australian Superannuation Pty Limited (ZAS). ZAS is the superannuation trustee for the Zurich Master Superannuation Fund, with approximately $1bn in funds under trusteeship and 18,000 members across traditional, accumulation and pension products. The acquisition completed on 21 March 2019. ZAS forms part of the TWS operating segment.

The Group has elected to apply the revised definition of a business and optional concentration test set out in AASB 3 *Business Combinations* (as amended by AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*) to the acquisition of ZAS. The acquisition does not meet the revised definition of a business, and it also meets the concentration test. Accordingly, the assets acquired and liabilities assumed have been brought to account at their book values, as follows:

CONSIDERATION	$'000
Fair value of consideration paid	**(6,226)**
Cash acquired	**6,326**
Financial liabilities at amortised cost (payables) assumed	**(100)**

YEAR ENDED 30 JUNE 18

Details of acquisitions made in the year ended 30 June 2018 are available in the 30 June 2018 EQT Holdings Limited 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
- 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 9 *Financial Instruments*, 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

	2019 $'000	2018 $'000
Unsecured, at amortised cost		
Loan from ANZ	**12,000**	20,000
	12,000	20,000

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 loan is drawn down as needed, and the drawn tranches bear interest at variable market rates. As at 30 June 2019 the total amount drawn down from this facility was $12m (2018: $20m). The weighted average effective interest rate on the drawn down loans is 3.2% per annum (2018: 3.6%). The undrawn amount incurs a fixed charge. The loan facility has a term of three years.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2018 $'000	CASH FLOWS $'000	NON-CASH CHANGES $'000	2019 $'000
Loan from ANZ	20,000	(8,000)	-	**12,000**
Total liabilities from financing activities	20,000	(8,000)	-	**12,000**

14 ISSUED CAPITAL

	2019 $'000	2018 $'000
20,521,906 fully paid ordinary shares (2018: 20,343,783)	**242,981**	238,633

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.

	2019 NO. '000	2019 $'000	2018 NO. '000	2018 $'000
Fully paid ordinary shares				
Balance at beginning of financial year	**20,344**	**238,633**	20,125	234,586
Shares issued under employee share scheme	**9**	**203**	11	196
Shares issued under executive share scheme	**-**	**-**	3	50
Shares issued under employee salary sacrifice	**4**	**95**	3	58
Shares issued under share placement	**-**	**-**	-	-
Shares issued under dividend reinvestment plan	**165**	**4,070**	202	3,760
Share issue costs net of tax	**-**	**(20)**	-	(17)
Balance at end of financial year	**20,522**	**242,981**	20,344	238,633

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 2019, eligible executives have share entitlements over 215,042 ordinary shares (2018: 109,358), 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 2018	1,183	350	114	1,647
Shares issued	(203)	-	-	(203)
Movement in reserve	1,387	-	76	1,463
Balance at 30 June 2019	2,367	350	190	2,907

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 LTI 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 $230,000 provided for ESAP in 2019 (2018: $224,000). The balance of the reserve relates to entitlements under the LTI Plan.

CAPITAL RESERVE

Certain entities within the Group hold capital reserves, which were formerly required 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. These reserves are no longer separately required, and accordingly, the Group intends to transfer the balance out and close these reserves during the 2020 financial year.

16 DIVIDENDS

FULLY PAID ORDINARY SHARES	DATE OF PAYMENT	CENTS PER SHARE	TOTAL $'000
Recognised amounts			
2019			
Interim 2019 dividend (fully franked)	28 March 2019	44	8,994
2018			
Interim 2018 dividend (fully franked)	29 March 2018	40	8,110
Final 2018 dividend (fully franked)	09 October 2018	42	8,545
Unrecognised amounts			
2019			
Final 2019 dividend (fully franked)	08 October 2019	46	9,441

	2019 $'000	2018 $'000
Franking account balance at 1 July	**4,568**	4,479
Tax paid	**12,285**	6,671
Franking credits received	**-**	-
Franking credits attached to interim and final dividends	**(7,518)**	(6,582)
Franking account balance at 30 June	**9,335**	4,568
Franking credits that will arise from income tax payable at reporting date	**2,640**	4,454
Franking credits to be attached to dividends declared but not recognised	**(4,046)**	(3,662)
Adjusted franking account balance	**7,929**	5,360

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:

	2019 $'000	2018 $'000
Cash and cash equivalents	**54,434**	60,651

ACCOUNTING POLICIES

Cash comprises cash on hand and deposits on demand. 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

	2019 $'000	2018 $'000
Current		
Trade receivables	**5,061**	5,943
Loss allowance	**(39)**	(24)
Other receivables	**6,697**	7,531
	11,719	13,450
Non-current		
Corpus commission earned but not collected	**108**	108
	108	108
Trade receivables – ageing of past due receivables		
Under 30 days	**457**	2,320
30-60 days	**124**	497
Over 60 days	**161**	104
	742	2,921

The following table sets out the movement in lifetime expected credit losses (ECL) that has been recognised for trade receivables in accordance with the simplified approach adopted under AASB 9:

	2019 $'000	2018 $'000
Movement in loss allowance		
Balance at beginning of the year	**(24)**	(26)
Adjustments on adoption of AASB 9	**-**	-
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement (collectively assessed)	**(24)**	(10)
Amounts written off (individually assessed)	**9**	12
Amounts subsequently recovered (individually assessed)	**-**	-
Balance at end of year	**(39)**	(24)

ACCOUNTING POLICIES

Trade receivables are classified as at amortised cost and include 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 trade receivables.

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.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The Group has recognised a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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.

The concentration of credit risk is generally considered to be limited due to the customer base being large and unrelated. Accounting policies relating to impairment of financial assets are further described in note 21.

19 OTHER FINANCIAL ASSETS

	2019 $'000	2018 $'000
Classified as at fair value through profit or loss (FVTPL):		
Managed investment schemes	**15,257**	7,138
	15,257	7,138

At 30 June 2019 the Group held investments in the Mutual (Cash) Common Fund M1 and EQT Wholesale Mortgage Income Fund. Both funds are managed by the Group (2018: $7,138,000 in the Mutual (Cash) Common Fund M1 only). The investments are 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

	2019 $'000	2018 $'000
Trade payables	**429**	605
Goods and services tax payable	**363**	350
Other	**869**	444
	1,661	1,399

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 and the Central Bank of Ireland in Ireland ('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 FY19, and the regulatory financial requirements and debt covenants throughout the FY18.

For the 2019 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 and Ireland, 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 2019, the gearing percentage (debt to equity) was 4.6% (2018: 7.9% 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

	2019 $'000	2018 $'000
Financial assets		
Cash and cash equivalents	**54,434**	60,651
At amortised cost – trade receivables	**5,022**	5,919
At fair value through profit or loss (FVTPL) – managed funds	**15,257**	7,138
	74,713	73,708
Financial liabilities		
At amortised cost – trade payables	**429**	605
At amortised cost – borrowings	**12,000**	20,000
	12,429	20,605

During the 2019 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 (2018: nil). No financial assets have been pledged as collateral for either liabilities or contingent liabilities (2018: nil). No assets are held as collateral (2018: 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 the Group's risk management framework (RMF), and overall risk management within the Group.

Executive management and management 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 Group has a modest exposure to currency risk via its UK and Irish based subsidiaries. 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 the 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 variable 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 has assessed the reasonably possible change in interest rates to be plus/minus 100 basis points for 2019 (2018: 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.

		INTEREST RATE RISK			
		-1%		+1%	
	CARRYING AMOUNT AT 30 JUNE 2019 $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000
Cash and cash equivalents	**54,434**	(544)	-	544	-
At amortised cost – borrowings	**(12,000)**	120	-	(120)	-
At FVTPL – managed funds	**15,257**	(153)	-	153	-
	57,691	(577)	-	577	-

		INTEREST RATE RISK			
		-1%		+1%	
	CARRYING AMOUNT AT 30 JUNE 2018 $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000
Cash and cash equivalents	60,651	(607)	-	607	-
At amortised cost – borrowings	(20,000)	200	-	(200)	-
At FVTPL – managed funds	7,138	(71)	-	71	-
	47,789	(478)	-	478	-

(D)(II) CURRENCY RISK

The Group is exposed to currency risk arising from its UK and Irish based subsidiaries (note 30). The operations of the Group's overseas businesses are predominantly denominated in British Pounds (GBP) and Euros (EUR). 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 overseas based subsidiaries
- 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 overseas based subsidiaries.

As the Group's overseas 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 has assessed the reasonably possible change in foreign exchange rates to be plus/minus 10% for 2019 (2018: 10%) 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 JUNE 2019 $'000	-10% PROFIT $'000	-10% EQUITY $'000	+10% PROFIT $'000	+10% EQUITY $'000
Cash and cash equivalents	**3,322**	-	(332)	-	332
Trade receivables	**156**	-	(16)	-	16
Trade payables	**(113)**	-	11	-	(11)
	3,365	-	(337)	-	337

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

(D)(III) OTHER PRICE RISK MANAGEMENT

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 price risk 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 (2018: nil).

As at 30 June 2019, the Group had no other exposure to other price risk (2018: 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 (2018: 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 (2018: 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.

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 2019 $'000	 2018 $'000	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE
EQT Wholesale Mortgage Income Fund	**8,000**	-	Level 2	Daily published prices
Mutual (Cash) Common Fund M1	**7,257**	7,138	Level 2	Daily published prices

There were no significant unobservable inputs in relation to the fair value of the EQT Wholesale Mortgage Income Fund and the Mutual (Cash) Common Fund M1 in 2019 (2018: 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
2019						
Non-interest bearing – trade creditors	nil	429	-	-	-	-
Borrowings	3.2%	-	-	-	12,000	-
		429	**-**	**-**	**12,000**	**-**
2018						
Non-interest bearing – trade creditors	nil	605	-	-	-	-
Borrowings	3.7%	-	-	-	20,000	-
		605	-	-	20,000	-

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 (2018: nil). The maximum amount payable under these guarantees is $1,814,000 (2018: $2,173,000).

(H) FINANCING FACILITIES

	2019 $'000	2018 $'000
Bank drawdown facility		
Amount used	**12,000**	20,000
Amount unused	**28,000**	20,000
	40,000	40,000

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', 'fair value through other comprehensive income' and 'at amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

FINANCIAL ASSETS CLASSIFIED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Equities and investments in managed investment schemes held by the Group are classified as at FVTPL 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 profit or loss. Dividends and distributions on FVTPL equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

FINANCIAL ASSETS CLASSIFIED AS AT AMORTISED COST

Trade receivables, loans, and other receivables that are held under a business model whose objective is to collect the contractual cash flows, and comprise solely payments of principal and interest are classified as at amortised cost. Assets classified as at amortised cost are measured 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 classified as 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 an increase in credit risk since the initial recognition of the financial asset.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation
- The disappearance of an active market for that financial asset because of financial difficulties.

The Group recognises a loss allowance for expected credit losses on financial assets classified as at amortised cost, which includes trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for its trade and other receivables. The expected credit losses on these financial assets are estimated using the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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.

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

	2019 $'000	2018 $'000
The aggregate compensation made to key management personnel of the Company and the Group is set out below:		
Short-term employee benefits	**4,612**	4,473
Post-employment benefits (Superannuation)	**228**	213
Other long-term benefits	**43**	32
Share awards	**1,156**	612
	6,039	5,330

Full details of the remuneration of key management personnel for the year ended 30 June 2019 are outlined in the Directors' Report. The share awards of key management personnel for the year ended 30 June 2019 are outlined in the Directors' Report.

23 EMPLOYEE BENEFITS

The aggregate employee benefits liability (provision) recognised and included in the financial statements is as follows:

	2019 $'000	2018 $'000
Current (note 10)		
Annual leave	**1,843**	1,848
Long service leave	**324**	249
Bonus	**3,024**	4,750
	5,191	6,847
Non-current (note 10)		
Long service leave	**1,945**	1,586
	7,136	8,433

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 and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

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

The average number of Group employees for the year was 250 (2018: 241).

COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

25 COMMITMENTS FOR EXPENDITURE

	2019 $'000	2018 $'000
Capital expenditure commitments		
Not longer than 1 year	**-**	-
Plant and equipment		
Not longer than 1 year	**46**	-

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 2022. These leases have minimum monthly lease payments.

	2019 $'000	2018 $'000
Non-cancellable operating lease payments		
Not longer than 1 year	**2,015**	1,871
Longer than one year and not longer than five years	**6,849**	7,016
Longer than five years	**3,596**	5,169
	12,460	14,056

The Group has no onerous lease contracts.

There are no non-cancellable operating sub-leases (2018: no non-cancellable operating sub-lease).

26 CONTINGENT LIABILITIES AND ASSETS

As disclosed in the 2018 Annual Report, the Australian Taxation Office (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. In February 2019, the Group also commenced a process to rectify one of the management agreements (the Agreement) that was in place between two of the acquired entities at the time that the acquisition occurred. The Group intends to commence proceedings in the Supreme Court of Victoria (the Supreme Court) seeking rectification. The outcome of these proceedings is uncertain and will be subject to normal Supreme Court process and waiting lists, and is therefore expected to take no less than six months to conclude. The Group believes that rectification of the Agreement will add considerable weight to the Group's position in respect of the deductibility of the rights to future income amount.

The ATO has agreed to defer their final decision concerning the objection until the Supreme Court has ruled on the rectification.

Notwithstanding that the outcomes of rectification and the ATO objection process remain unknown, there is a possibility the Group will be unsuccessful in defending its claim. Should this occur, the possible outflow is in the range of nil to $2.8m. 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 2019.

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 (2018: nil).

There are no contingent assets (2018: 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 (2018: 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 2019 (2018: 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 EQT Holdings 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 (which may include listed investment trusts) 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 the size of the business.

During the year Ms Williams was a Director of Victorian Funds Management Corporation (VFMC) and Defence Health (DH). VFMC and DH may, on behalf of their clients, invest in managed investment schemes (MIS) where a Group subsidiary company acts as responsible entity. In her role as Director of VFMC, Ms Williams was not actively involved in investment selections. In her role as Director of DH, Ms Williams chaired the investment committee, and in accordance with the DH conflicts management policy, abstained from any investment decisions concerning MIS investments where a subsidiary company acts as responsible entity.

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 where a Group subsidiary company acts 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 (2018: 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.

	RELATIONSHIP TO THE COMPANY	2019 $'000	2018 $'000
Owed to the Company			
EQT Responsibility Entity Services Ltd	Subsidiary	**-**	293
EQT Services Pty Ltd	Subsidiary	**-**	219
EQT International Holdings (UK) Ltd	Subsidiary	**-**	103
EQT International Holdings Ltd	Subsidiary	**1,520**	-
Owed by the Company			
EQT Services Pty Ltd	Subsidiary	**13**	-
Zurich Australian Superannuation Pty Ltd	Subsidiary	**4,000**	-
Equity Trustees Superannuation Limited	Subsidiary	**86**	-
Equity Trustees Limited	Subsidiary	**-**	419

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 2019 and 30 June 2018, 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	2019 $'000	2018 $'000
Assets		
Current assets	**12,366**	7,640
Non-current assets	**264,312**	257,685
Total assets	**276,648**	265,325
Liabilities		
Current liabilities	**6,660**	4,951
Non-current liabilities	**12,000**	20,000
Total liabilities	**18,660**	24,951
Net assets	**257,988**	240,374
Equity		
Issued capital	**242,981**	238,633
Other reserves	**2,332**	1,148
Retained earnings	**12,675**	593
Total equity	**257,988**	240,374
FINANCIAL PERFORMANCE		
Profit for the year	**29,625**	15,920
Other comprehensive income	**-**	-
Total comprehensive income	**29,625**	15,920

CONTINGENT LIABILITIES OF THE PARENT ENTITY

The parent entity is the head entity in the tax-consolidated group. As stated in note 26, the Australian Taxation Office (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. In February 2019, the Group also commenced a process to rectify one of the management agreements (the Agreement) that was in place between two of the acquired entities at the time that the acquisition occurred. The Group intends to commence proceedings in the Supreme Court of Victoria (the Supreme Court) seeking rectification. The outcome of these proceedings is uncertain and will be subject to normal Supreme Court process and waiting lists, and is therefore expected to take no less than six months to conclude. The Group believes that rectification of the Agreement will add considerable weight to the Group's position in respect of the deductibility of the rights to future income amount.

The ATO has agreed to defer their final decision concerning the objection until the Supreme Court has ruled on the rectification.

Notwithstanding that the outcomes of rectification and the ATO objection process remain unknown, there is a possibility the Group will be unsuccessful in defending its claim. Should this occur, the possible outflow is in the range of nil to $2.8m. 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 2019.

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 (2018: nil).

COMMITMENTS OF THE PARENT ENTITY

The parent entity has no commitments for capital expenditure (2018: nil).

30 SUBSIDIARIES

	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP 2019	2018
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%	100%
EQT International Holdings Ltd (formerly Equity Invest-ment Management Limited)	Financial services	Australia	100%	100%
EQT International Holdings (UK) Ltd	Financial services	United Kingdom	100%	100%
Equity Trustees (UK & Europe) Ltd. (formerly Treasury Capital Ltd)	Financial services	United Kingdom	76%	60%
Equity Trustees Fund Services Ltd (formerly Treasury Capital Fund Solutions Ltd)	Financial services	United Kingdom	76%	60%
Equity Trustees Fund Services (Ireland) Limited	Financial services	Ireland	76%	-
EQT Corporate Securities Limited	Financial services	Australia	100%	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%
Zurich Australian Superannuation Pty Ltd	Financial services	Australia	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 2019	NUMBER OF WHOLLY-OWNED SUBSIDIARIES 2018
Holding Company	Australia	1	1
Financial services	Australia/United Kingdom/ Ireland	15	13
Corporate services	Australia	1	1
Incorporated legal practice	Australia	1	1
Non-trading	Australia	6	6

SIGNIFICANT RESTRICTIONS

The Company has no significant restrictions (2018: No significant restrictions).

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. 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
- 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
- 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	2019 $'000	2018 $'000
Current assets		
Cash and cash equivalents	**7,423**	5,401
Trade and other receivables	**213**	1,321
Prepayments	**1,640**	1,060
Other financial assets	**5,379**	374
Total current assets	**14,655**	8,156
Non-current assets		
Other financial assets	**5,713**	11,380
Intangible assets	**540**	615
Deferred tax assets	**3,169**	1,229
Investments in subsidiaries	**265,333**	257,504
Total non-current assets	**274,755**	270,728
Total assets	**289,410**	278,884
Current liabilities		
Trade and other payables	**320**	542
Provisions	**6,250**	7,539
Other current liabilities	**4,125**	666
Current tax payable	**2,483**	4,454
Total current liabilities	**13,178**	13,201
Non-current liabilities		
Provisions	**2,769**	2,384
Borrowings	**12,000**	20,000
Other non-current liabilities	**2,638**	2,507
Total non-current liabilities	**17,407**	24,891
Total liabilities	**30,585**	38,092
Net assets	**258,825**	240,792
Equity		
Issued capital	**242,981**	238,633
Other reserves	**2,332**	1,148
Retained earnings	**13,512**	1,011
Equity attributable to owners of the Company	**258,825**	240,792
Non-controlling interest	**-**	-
Total equity	**258,825**	240,792

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2019 $'000	2018 $'000
Revenue	**84,888**	68,040
Expenses	**(53,273)**	(52,465)
Finance costs	**(827)**	(801)
Depreciation and amortisation	**(75)**	(75)
Profit before income tax expense	**30,713**	14,699
Income tax expense	**(1,039)**	(454)
Profit for the period	**29,674**	14,245
Other comprehensive income	**29,674**	14,245

32 AUDITORS' REMUNERATION

AUDITORS – DELOITTE TOUCHE TOHMATSU	2019 $'000	2018 $'000
Corporate entities		
Audit & Assurance Services paid to Deloitte Australia		
Audit and review of the consolidated financial statements	**303**	280
Audit and review services in accordance with regulatory requirements	**76**	65
	379	345
Audit & Assurance Services paid to international Deloitte member firms		
Audit and review of financial statements	**38**	46
Audit and review services in accordance with regulatory requirements	**23**	23
	61	69
Other services		
Tax compliance services in respect of Group corporate entities	**27**	36
Tax services relating to uncertain tax positions (note 26)	**50**	222
Tax due diligence relating to acquisitions	**-**	213
Other	**94**	37
	171	508
Total remuneration for corporate entities	**611**	922

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 2018, and are relevant for the current year end.

AASB 9 *Financial Instruments and related amending Standards*

The Group has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transitional provisions of AASB 9 allow an entity not to restate comparatives. However, the Group has elected to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Group adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures* that were applied to the disclosures about the financial year ended 30 June 2019 and to the comparative period.

AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities
- Impairment of financial assets
- General hedge accounting.

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of AASB 9) is 1 July 2018. Accordingly, the Group has applied the requirements of AASB 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 July 2018 have been restated where appropriate.

The Directors of the Company reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- Financial assets previously classified as 'loans and receivables' are now classified as 'financial assets at amortised cost' as these assets are held under a business model whose objective is to collect the contractual cash flows, which comprise principal and interest components only.
- Financial assets previously classified as 'available-for-sale' are now classified as 'financial assets at fair value through profit or loss' as these assets do not give rise to cash flows which solely comprise principal and interest components.

The changes in classification have not given rise to any changes in measurement for financial assets included in these financial statements.

In relation to impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model, as was previously required under AASB 139. The expected credit loss model requires the Group 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 of the financial assets.

Because the Group has elected to restate comparatives, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of AASB 9 (i.e. 1 July 2018), the Directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 July 2017.

The results of this assessment are as follows:

- Cash and bank balances: All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable third-party banks. No additional credit losses are recognised accordingly.
- Trade receivables: The Group applies the simplified approach and recognises lifetime expected credit losses for these assets. No additional credit losses have been recognised on adoption of AASB 9.recognised on adoption of AASB 9.

The Group's accounting policies for its financial instruments are disclosed in detail in note 21.

AASB 15 *Revenue from Contracts with Customers and related amending Standards*	The Group has applied AASB 15 *Revenue from Contracts with Customers* (as amended) which is effective for an annual period that begins on or after 1 January 2018. The Group has applied the Standard retrospectively from 1 July 2017. AASB 15 introduced a five-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios. AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has continued to use the terminology 'accrued income', as opposed to 'accrued revenue'. The Directors have reviewed and assessed the Group's recognition and measurement of revenue from 1 July 2018 based on the facts and circumstances that existed from this date and have concluded that the application of AASB 15 has had no material impact on the recognition or measurement of the revenue of the Group. The Group's accounting policies for its revenue streams are disclosed in detail in note 1 of these financial statements.
AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	The Group has adopted AASB 2016-5 for the first time in the current year. The amendments clarify the following: 1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments. 2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature. 3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows: • The original liability is derecognised • The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date • Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately. The application of AASB 2016-5 has had no 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 application of Interpretation 22 has had no impact on the Group's consolidated financial statements.

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS THAT ARE NOT MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Group has elected to early adopt the following new Amendments to Accounting Standards that are otherwise not yet effective:

AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	Amends AASB 3 *Business Combinations* to clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments: • Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs • Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs • Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired • Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs • Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This Standard applies to annual reporting periods beginning on or after 1 January 2020. The Group has elected to early adopt the standard in the current year to permit the use of the modified definition of a business and optional concentration test when evaluating the accounting requirements for acquisitions. In the current year, adoption of the Standard will impact the accounting for and disclosures in relation to the acquisition of Zurich Australian Superannuation Pty Limited (ZAS), which as a consequence of the adoption of the Standard will be treated as an asset acquisition rather than an acquisition of a business. Refer to note 12 for further details of the ZAS acquisition.

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 16 *Leases*	1 January 2019	30 June 2020
AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*	1 January 2019	30 June 2020
AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*	1 January 2019	30 June 2020
AASB 2016-7 *Amendment to Australian Accounting Standards – Definition of Material*	1 January 2020	30 June 2021
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020	30 June 2021
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 16 *Leases*

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 *Leases* and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of AASB 16 for the Group will be 1 July 2019.

The Group will make use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset, and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract).

In preparation for the first-time application of AASB 16, the Group has carried out a preliminary assessment of the implementation and the consequences of the expected results of operations and financial position. The assessment has shown that the new definition in AASB 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet.

On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 *Impairment of Assets*. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The Group has performed a preliminary assessment of the impact of adopting AASB 16 as at 30 June 2019 (the implementation date). As at 30 June 2019, the Group has non-cancellable operating lease commitments with a gross aggregate value of $12,460k. The preliminary assessment indicates that $12,298k of these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Group will recognise a right-of-use asset of $7,035k and a corresponding lease liability of $9,958k in respect of all these leases. The Group will also derecognise the separately recorded lease make good assets of $540k, which are to be accounted for as part of the right of use asset (and which form part of the $7,035k described above), and the separately recorded lease liability of $2,485k, relating to the straight-line method of accounting for leases presently adopted. The Group intends to apply the cumulative catch-up approach permitted under AASB 16.C5(b), and as such, there will be no change to comparative financial performance information previously disclosed. Opening retained earnings will be reduced by $437k as a result of the recognition of the aforementioned assets and liabilities.

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

Amends AASB 9 to clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest on the principal amount' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of AASB 9.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an 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
- 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.

AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*

Makes amendments intended to address concerns that the wording in the definition of 'material' was different in the *Conceptual Framework for Financial Reporting*, AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendments address these concerns by:

- Replacing the term 'could influence' with 'could reasonably be expected to influence'
- Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material
- Clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework
- Aligning the definition of material across Australian Accounting Standards and other publications.

This Standard applies to annual reporting periods beginning on or after 1 January 2020. The Directors of the Company do not anticipate that the application of this Standard will have a material impact on the Group's consolidated financial statements.

AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework*

Makes amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the *Conceptual Framework for Financial Reporting (Conceptual Framework)* by the AASB.

The application of the Conceptual Framework is at present limited to:

- For-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards, and
- Other for-profit entities that voluntarily elect to apply the Conceptual Framework, which would permit compliance with Australian Accounting Standards (Tier 1) and International Financial Reporting Standards (IFRS Standards).

This Standard makes amendments to Australian Accounting Standards, Interpretations and other pronouncements to permit other entities to continue using the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004 (Framework) and Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity to determine whether they are a reporting entity that needs to prepare general purpose financial statements that comply with Australian Accounting Standards.

Some Australian Accounting Standards, Interpretations and other pronouncements contain references to, or quotations from, the Framework. This Standard updates some of those references and quotations so that they refer to the Conceptual Framework, and makes other amendments to clarify which version of the conceptual framework is referred to in particular pronouncements.

This Standard applies to annual reporting periods beginning on or after 1 January 2020. The Directors of the Company do not anticipate that the application of this Standard will have a material impact on the Group's consolidated financial statements.

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
- 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.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

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 2019, 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 2019 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.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
As at 30 June 2019 the Group's Intangible assets including goodwill and management rights represent the largest category of assets with a carrying value totalling $208.1m, representing around 67.2% of the total assets of the Group. As disclosed in Note 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 intangible 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, expense and terminal growth rates; • operating margins; and • 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 models used to assess the recoverable amount of the CGUs; • evaluating management's methodologies and their documented basis for key assumptions utilised in the discounted cash flow models; • challenging the key assumptions utilised in the discounted cash flow models including the revenue and expense growth rates, the terminal growth rate, operating margins and the discount rate by comparing them to historical results and economic and other forecasts; • recalculating the mathematical accuracy of the discounted cash flow models, agreeing budgeted cash flows to the latest board approved budget and assessing the performance against budget/forecasts in prior periods; • performing sensitivity analysis on key assumptions including the revenue and expense growth rates, the terminal growth rate and the discount rate applied; and • assessing the appropriateness of the disclosures included in Note 7 and Note 8 and the related notes on Critical Judgements and Uncertainty.

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.

Deloitte.

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 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.

Deloitte.

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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 included in pages 48 to 60 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of EQT Holdings Limited, for the year ended 30 June 2019, 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, 21 August 2019

ADDITIONAL SHAREHOLDER INFORMATION

The following information was applicable as at 15 of August 2019.

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
Australian Foundation Investment Company Limited	29/04/2016	1,303,232	6.53
Bank of America Corporation and its related bodies corporate	21/03/2018	1,019,174	5.03
Paradice Investment Management Pty Ltd	19/09/2018	1,298,252	6.38
Pengana Capital Group Ltd / Washington H. Soul Pattinson and Company Limited*	22/03/2019	1,164,654	5.70

* Washington H. Soul Pattinson and Company Limited has a technical relevant interest arising from its holding of more than 20% of the issued share capital of Pengana Capital Group Ltd.

CLASS OF SHARES AND VOTING RIGHTS

As at 15 of August 2019, there were 2,702 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 15 of August 2019, there were share entitlements over 203,042 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*	1,482
1001-5000	880
5001-10,000	203
10,001-100,000	119
100,001 and over	18
	2,702

*There were 82 shareholders holding less than a marketable parcel ($500) of ordinary shares based on the closing market price of $29.71 at 15 of August 2019.

20 LARGEST SECURITY HOLDERS AS AT 15 AUGUST 2019

	20 LARGEST SHAREHOLDERS	NO. OF SHARES	%
1	HSBC Custody Nominees (Australia) Limited	2,528,608	12.32
2	National Nominees Limited	2,451,142	11.94
3	BNP Paribas Noms Pty Ltd <DRP>	1,480,913	7.22
4	Australian Foundation Investment Company Limited	1,321,612	6.44
5	J P Morgan Nominees Australia Pty Limited	1,169,319	5.70
6	Citicorp Nominees Pty Limited	1,097,361	5.35
7	UBS Nominees Pty Ltd	581,677	2.83
8	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	527,893	2.57
9	Milton Corporation Limited	500,697	2.44
10	Mirrabooka Investments Limited	369,608	1.80
11	HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	305,733	1.49
12	Superdeck Pty Ltd <D K C & E Groves S/Fund A/C>	291,217	1.42
13	Amcil Limited	261,849	1.28
14	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	222,107	1.08
15	BKI Investment Company Limited	185,054	0.90
16	Est/Mr Leonard Clive Keyte	151,487	0.74
17	Equity Nominees Limited <No 2 Account>	132,854	0.65
18	Mr James Gordon Moffatt	110,996	0.54
19	KJE Superannuation Pty Ltd <KJE Superannuation S/F A/C>	100,000	0.49
20	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	94,369	0.46
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		13,884,496	67.66
Total remaining holders balance		6,638,355	32.34

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 15 of August 2019.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

INFORMATION FOR SHAREHOLDERS

KEY DATES FOR SHAREHOLDERS

TUESDAY 8 OCTOBER 2019

Payment date of 2019 final dividend

FRIDAY 25 OCTOBER 2019

Annual General Meeting

The Annual Report can be viewed on our website: **eqt.com.au/investor-centre**

AUDITOR

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria 3000

SHARE REGISTRY

Link Market Services
Level 12
680 George Street
Sydney NSW 2000
Telephone: (02) 8280 7100

CORPORATE GOVERNANCE STATEMENT

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

Main operating entities: EQT Holdings Limited (ABN 22 607 797 615), Equity Trustees Limited (ABN 46 004 031 298 AFSL 240975), Equity Trustees Superannuation Limited (ETSL) (ABN 50 055 641 757 AFSL 229757) and Equity Trustees Wealth Services Limited (ETWSL) (ABN 33 006 132 332 AFSL 234528).

Equity Trustees

EQT Holdings Limited
ABN 22 607 797 615

Level 1, 575 Bourke Street
Melbourne VIC 3000

T (03) 8623 5000 | F (03) 8623 5200
equity@eqt.com.au
eqt.com.au