

APPENDIX 4E

EQT Holdings Limited ABN 22 607 797 615

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FULL YEAR ENDED 30 JUNE 2020

PERFORMANCE	30 JUNE 2020 \$'000		30 JUNE 2019 \$'000
Revenue from ordinary activities	95,430	Up 3.2%	92,499
Profit after tax from ordinary activities attributable to members	19,212	Down 13.4%	22,194
Net profit (statutory) for the period attributable to members	19,212	Down 13.4%	22,194
Net profit (underlying) for the period attributable to members	21,218	Down 4.4%	22,194
Basic earnings per share (statutory) attributable to members (cents per share)	92.95	Down 14.4%	108.61
Basic earnings per share (underlying) attributable to members (cents per share)	102.66	Down 5.5%	108.61

DIVIDENDS	30 JUNE 2020 CENTS PER SHARE	30 JUNE 2019 CENTS PER SHARE
Interim Dividend (fully franked)	47	44
Final Dividend (fully franked)	43	46

KEY DATES	
Record date for determining entitlements to the Final Dividend	Tuesday, 8 September 2020
Last date for the receipt of an election notice for participation in the DRP	Wednesday, 9 September 2020
Payment date for Final Dividend	Tuesday, 6 October 2020



The Directors have declared a fully franked final dividend of 43 cents per share. The Directors have also declared that the Dividend Reinvestment Plan (DRP) will operate for this Dividend. The share price to be used for the DRP will be calculated based on the volume weighted average market price of EQT traded shares on the first five days of EQT share trading after Record Date. A 1% discount will be applied.

The 2020 Annual General Meeting is to be held at 11.00 am Friday, 23 October 2019 via an online meeting system. Details shall be provided nearer to the time of the AGM.

ASX ADDITIONAL INFORMATION

Additional information, current as at 30 June 2020, and not shown elsewhere in this report, follows:

NET TANGIBLE ASSET BACKING PER SHARE

NET TANGIBLE ASSET BACKING / PER SHARE ¹	30 JUNE 2020	30 JUNE 2019
Net tangible asset backing per share	2.94	2.55

¹Based on shares on issue of 2020: 20,775,755 (2019: 20,521,906).

CONTROL GAINED OR LOST OVER ENTITIES DURING THE FINANCIAL YEAR

YEAR ENDED 30 JUNE 2020

On 8 April 2020 the Company established a new subsidiary, HTFS Holdings Pty Ltd. HTFS Holdings Pty Ltd has been established as a holding company for a portion of the Group's superannuation operations.

Other than as described above, there were no material entities for which control was gained or lost during the financial year.

YEAR ENDED 30 JUNE 2019

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 was completed on 21 March 2019.

Further detail on both acquisitions is available in note 12 of the 30 June 2019 Financial Statements.

Other than as described above, there were no material entities for which control was gained or lost during the financial year.

AUDIT

The Financial Statements for the year ended 30 June 2020 have been audited and an unqualified opinion has been issued by the auditors.

COMMENTARY

Additional Appendix 4E disclosure requirements can be found in the Annual Report, which contains the Directors' Report and the 30 June 2020 Financial Statements and accompanying notes.

For a comprehensive overview of the 2020 results, please refer to the separate ASX release covering the Announcement of Results and Shareholder Presentation.



FROM THE CHAIRMAN THE HON. JEFFREY G KENNETT AC

EQUITY TRUSTEES PROVING RELIABLE IN A YEAR OF EXTRAORDINARY CHALLENGES

I am pleased to report that Equity Trustees has again performed admirably in a year of unprecedented challenges for our country and the world.

The 2020 calendar year started with the catastrophic bushfires along Australia's east coast, followed by the COVID-19 pandemic with its tragic health and economic consequences. Financial markets have experienced extraordinary volatility and our country faces severe economic and social challenges, in a less than certain world order.

Notwithstanding this challenging environment, Equity Trustees' foundations have underpinned our continued delivery of growth in revenue and solid dividends for shareholders.

The current environment presents significant opportunities for us with the industry undergoing enormous change, driven by issues exposed by the Royal Commission and banks and other wealth providers exiting non-core businesses. Putting clients' best interests first is an increasingly attractive proposition for many companies. Regulators and the community are placing a higher value on trust, which is beneficial for Equity Trustees – a company built on trust.

That trust was there from our beginning when Equity Trustees was formed in 1888, and that trust permeates our culture today. We remain entrusted with great responsibility – balancing our responsibility to our shareholders with our service to our clients, who commission us to carry out their instructions in their lifetime and beyond. This legacy of trust built over 132 years means that we now have the privilege of continuing to manage and grow one of the largest sources of trustee philanthropic funding in Australia, distributing more than \$80 million a year in philanthropic grants to a wide variety of community needs.

The future of the company continues to be promising.

GOOD GOVERNANCE

Good governance requires an experienced and diverse Board and we have reshaped our Board during the year. I will be retiring from the Board at the AGM, as will our longest serving director Alice Williams. In preparation for the transition, we appointed Carol Schwartz AO to the Board. Carol is highly regarded in the business and not-for-profit sector and has an excellent reputation for good governance. She also serves on the Reserve Bank of Australia Board. I am happy to announce that the Board has resolved that Carol will succeed me as Chair of Equity Trustees from the conclusion of the AGM.

We also appointed Catherine Robson, who has served on our Equity Trustees Superannuation Limited (ETSL) Board for the last six years and her experience will be a great addition to the holding company Board. She also has considerable experience on a range of commercial and not-for profit boards.

At the subsidiary level the ETSL Board was also strengthened with the appointment of Paul Rogan and George Zielinski, who both bring enormous superannuation experience.



PEOPLE – OUR GREATEST ASSET

I have consistently campaigned to ensure people look after their mental health and was pleased to see this recognised through our wellness program, *Equilibrium*. This and other programs have been more important than ever in 2020 as our employees moved to working from home. I want to recognise our Human Resources and Technology team for making the remote working environment as comfortable and productive as possible for our employees.

STAKEHOLDER RETURNS

The financial results delivered to shareholders this year were very positive, despite the investment market volatility and disruption to our working environment. We continued to invest in the best opportunities for our business and have maintained our dividend to our shareholders.

Importantly, we improved our service to our clients and beneficiaries, put greater efforts into deepening our impact on the community and looked after all our employees in troubling times. Our focus on all stakeholders continues to hold the company in great stead.

MAKING A DIFFERENCE

We are very proud of the work Equity Trustees performs to assist the Australian community and I would like to share three examples with you.

Early this year we completed the establishment of two perpetual charitable trusts designed to support people and communities recovering from disastrous bushfires. The Australian Volunteers Support Trust (AVST) and the Community Rebuilding Trust (CRT) are a joint initiative with the Business Council of Australia, with Equity Trustees' work being performed pro bono.

We recently established an Aboriginal Housing Foundation to benefit the Noongar people of south west Western Australia. The Foundation is the first Indigenous community trust to have joint trustees: Equity Trustees and the South West Aboriginal Land and Sea Council.

Finally, we were proud to be a principal partner of The Royal Children's Hospital 150th Anniversary Art Trail. Equity Trustees has a long history of distributing funds to the hospital on behalf of charitable trusts. One trust, the Harry Lyon Moss Trust, has given nearly \$70 million to the hospital over the past 80 years.

A FINANCIAL SERVICES COMPANY WITH HEART

Equity Trustees is a special company that always puts its clients and beneficiaries first, balancing the needs of all stakeholders to ensure a strong company that can stand the test of time.

On behalf of the Board I would like to thank our shareholders, employees, beneficiaries and clients, and our wider community, for your support. I am confident the company will be led in an exemplary fashion by the new Chair. It has been an honour to have served on the Board for 12 years including three as its Chair.

FROM THE MANAGING DIRECTOR, MICK O'BRIEN

GROWING OUR BUSINESS IN TOUGH TIMES

I'm delighted to report that we delivered strong growth during the year, with our funds under supervision up an impressive 19% to \$101 billion, despite the recent market downturn. The growth was achieved by writing new fund governance services contracts with a number of blue-chip clients.

This impressive growth helped revenue to increase 3% to \$95 million. Expenses were up 6%, reflecting the investment made in the business as we sought to capture opportunities. Material investments were made in our Superannuation Trustee Office, the fund governance business in the UK and Ireland, and our Asset Management team. Each of these has paid off handsomely with strong growth and excellent investment performance.

Profit before tax was down marginally on last year to \$30.3 million, however we have maintained the total dividend for the year at 90 cents – a strong result relative to the industry.

We delivered again to all stakeholders. We are proud of how our clients rated our service, we've kept our employees healthy and engaged, and we have continued to support the community.

TRUSTEE AND WEALTH SERVICES – PRIVATE CLIENTS

Our Private Client business had a very strong year. We saw good growth in estate planning, estate management and testamentary trust management. We continue to be successful in winning Health and Personal Injury clients and we were appointed to two new Indigenous trusts in Western Australia.

We deployed a new estate management platform to improve service to estate beneficiaries, allowing for a more targeted rollout of our other services. Throughout the COVID-19 lockdown we have developed innovative ways of serving our clients and adjusted our Philanthropy processes to ensure quicker deployment of funds.

TRUSTEE AND WEALTH SERVICES – SUPERANNUATION

The Superannuation business again experienced very strong growth in the financial year, with one new appointment adding \$4.5bn in funds, and in the month post the balance date two new appointments adding a further \$15.4bn in funds. The company was appointed trustee to two of Australia's leading life insurance companies and to one of Australia's fastest growing platforms. The team has proven capability in taking on complex appointments, allowing our clients to focus on their core business.

CORPORATE TRUSTEE AND FUND SERVICES

We continued to build our business in Australia with the appointment as trustee for \$10.5 billion of assets of one of Australia's largest life insurance companies and a \$3.9 billion appointment for one of the UK's leading global equity fund managers. With licences in the UK and Ireland, the business is well positioned to secure new clients. Our growing Corporate Trust business wrote its first securitisation deal during the year and we see promising signs of growth in this area.



CLIENT FOCUS

We worked hard to improve client service and are pleased that our fourth annual client satisfaction survey showed a marked improvement, from an already strong base. On the likelihood of clients recommending Equity Trustees, we moved up ten points from +14 to +24. During the year we deployed a new Client Service Charter, which provides clients with clarity as to the high level of service they can expect from Equity Trustees.

Our experience came to the fore during the financial volatility this year as we protected the interests of our clients, members, investors and beneficiaries across a wide range of trusts, funds and schemes.

PEOPLE FIRST

We surveyed our employees in June 2020 at the height of uncertainty and, engagement was rated at a healthy 68% equal to the financial services industry norm.

Our company values – Trusted, Accountable and Empowering – were refreshed this year, and continue to drive our behaviour, inspire great results and truly represent who we are.

A number of senior appointments were made during the year in TWS and STO, largely focused on maintaining and developing our relationships with key clients and expanding our specialist and technical capabilities to meet the growing demand for our services.

COMMUNITY

It was gratifying to again use our expertise and experience to provide professional support to many in our community. We are proud to have empowered our people to deliver more than 150 days pro bono work and another 40 volunteering days through the year.

STAYING FOCUSED

Equity Trustees has proven again that our focus on being the leading trustee in Australia has held us in great stead. Trust is an increasingly sought-after attribute in these uncertain times.

The outlook for 2021-22 and beyond is positive, with attractive industry fundamentals, a growing business, committed employees and a substantial pipeline of opportunities.

It is an honour to serve Equity Trustees and our clients and beneficiaries. I would like to thank the Board for its support and our employees for their hard work and dedication throughout this challenging year.

2020 ANNUAL FINANCIAL REPORT



Equity Trustees

Issue Date: 19 August 2020
EQT Holdings Limited and Controlled Entities





AUDITOR

Deloitte Touche Tohmatsu
477 Collins Street
Melbourne VIC 3000

SHARE REGISTRY

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

REGISTERED OFFICE

Level 1
575 Bourke Street
Melbourne VIC 3000
Telephone: (03) 8623 5000
Facsimile: (03) 8623 5200
Email: enquiry@eqt.com.au

CORPORATE GOVERNANCE STATEMENT

Our Corporate Governance Statement is available on our website:
www.eqt.com.au/investor-centre/corporate-governance



CONTENTS

DIRECTORS' REPORT

Board of Directors	6
Operating and Financial Review	15
Remuneration Report	33
Auditor's Independence Declaration	48
Directors' Declaration	49

FINANCIAL REPORT

Consolidated Statement of Profit or Loss and Other Comprehensive Income	51
Consolidated Statement of Financial Position	52
Consolidated Statement of Changes in Equity	53
Consolidated Statement of Cash Flows	55
Notes to The Financial Statements	56
Independent Auditor's Report	110
Additional Shareholder Information	114



DIRECTORS' REPORT

**FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2020**

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 2020, and the independent auditors' report thereon.



BOARD OF DIRECTORS

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

CURRENT BOARD MEMBERS

THE HON. JEFFREY KENNETT AC

Chairman, Independent Director

Appointed Director in September 2008; Chairman in October 2017.

Mr Kennett is the former Premier of Victoria, founder of Beyond Blue and current President of the Hawthorn Football Club.

Mr Kennett was Premier of the State from 1992 to 1999 and Leader of the Opposition 1982-1989 and 1991-1992.

He was a Member of the Victorian Parliament for 23 years, and he continues to serve the community through numerous roles which include Patron of The Royal District Nursing Service and Chairman of The Torch, a program assisting Aboriginal and Torres Strait Islander men and women during incarceration and after their release.

He is currently Chairman of the Australian Volunteer Support Trust Advisory Panel, Open Windows Software Pty Ltd, and CT Management Group Pty Ltd. He is also a Director of Amtek Corporation Pty Ltd and a member of the National Co-Design Group (to give a voice to indigenous people).

Mr Kennett was awarded the Companion of the Order of Australia in 2005.

ALICE 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, Defence Health and Tobacco Free Portfolios Limited.

She was formerly a Director of Foreign Investment Review Board (FIRB), 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 O'DONNELL

BA (Bkg & Fin.), MBA, FAICD, SF Fin
Independent Director

Appointed Director in September 2010.

Ms O'Donnell has more than 40 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 National Capital Authority Audit Committee, UBS Global Asset Management (Australia) Ltd Compliance Committee, the Australian Banking Association representative on the Banking Code Compliance Committee, as well as Chair of the IP Australia Audit Committee and the Winston Churchill Memorial Trust Investment, Audit & Risk 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 ELEY

CA, 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 and is currently Chairman. 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)



D GLENN SEDGWICK

B.Comm., FAICD, FCA
Independent Director

Appointed Director in August 2016.

Mr Sedgwick has more than 30 years' commercial experience, including 20 years as a Partner in Accenture. He was previously Managing Director of Accenture's Asia Pacific Insurance and Wealth Management business, and has consulted to listed and unlisted Australian, Asian, Chinese and European enterprises across financial services and information technology. He brings an international perspective, having lived in China and the UK over the course of his career.

Mr Sedgwick is a Director of the Victorian Managed Insurance Authority, and the 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, and international operations.

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 Chair of Swiss Re Life & Health Australia and Chair of the Advisory Board of Swiss Reinsurance Company Limited (Australian branch). He is also Chair of NZ Life Insurer Partners Life Limited. Mr Minto is a Director for Dai-ichi Life Asia Pacific in Singapore and National Disability Insurance Agency.

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 and the Board Strategy Committee.



TIMOTHY (TIM) HAMMON

B.Comm, LLB (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) and is a member of their Finance and Risk Committee.

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 Jacques 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. He is currently a mentor at Kilfanan, a not for profit organisation offering mentor services to not for profit CEO's.

Listed company directorships held during the past three financial years:

- Vicinity Centres (from 2011 to the present).

CATHERINE ROBSON

BA (Asian Studies), LLB (Hons), Grad Dip (Applied Finance), LLM (Tax), GAICD

Independent Director

Appointed Director in February 2020.

Mrs Robson is a highly skilled wealth strategist with over 20 years' experience advising sophisticated high net worth individuals and family groups.

Mrs Robson is a Director of Greater Bank Limited, Director of SCALE Investors, and Chair of education technology company TalkiPlay. She is a member of the Walter & Eliza Hall Institute of Medical Research Advocacy & Support Committee and Cancer Council Victoria's Investment Committee in addition to being a member of the Korowa Anglican Girls' School Council.

She was formerly a Director of Equity Trustees Superannuation Limited and HTFS Nominees Pty Ltd.

Mrs Robson founded successful financial services firm Affinity Private. She commenced her career at Macquarie Bank, before spending 11 years as a senior adviser with NAB Private Wealth.

Mrs Robson is a member of the Board Risk Committee and Remuneration, Human Resources and Nominations Committee.



CAROL SCHWARTZ

BA, LLB Monash, MBA, FAICD, AO

Independent Director

Appointed Director in March 2020.

Ms Schwartz is a non-executive director of the Reserve Bank of Australia and Trawalla Group, and is a Member of the Advisory Board of Qualitas Property Partners. Ms Schwartz is also the founding Chair of the Women's Leadership Institute Australia and also of Our Community – she remains chair of both Boards.

Ms Schwartz was previously Chair of Industry Superannuation Property Trust, one of Australia's largest superannuation property groups, a non-Executive Director of Stockland Group Limited, and National President of the Property Council of Australia.

Ms Schwartz was awarded Queen's Birthday Honours in 2019 for her service to the community as a supporter of women in leadership, social justice advocacy and to business. She has an Honorary Doctorate from Monash University, has been inducted into the Australian Property Hall of Fame, made an Honorary Life Member of the Property Council of Australia, was recognised by Ernst & Young as the 2018 Champion of Entrepreneurship, Southern Region and inducted into the Victorian Women's Honour Roll.

Listed company directorships held during the past three financial years:

- Stockland Group Limited (from July 2010 to October 2019)

MICHAEL (MICK) O'BRIEN

CFA, GAICD

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 RSE Licensees.

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 of a number of the Group's subsidiaries.

Mr O'Brien is a member of the Board Risk Committee and Board Strategy Committee and a Director of a number of the group's subsidiary companies.

Listed company directorships held during the past three financial years:

- Templeton Global Growth Fund Limited (from August 2014 to February 2020).



COMPANY SECRETARY

JENNIFER CURRIE

BComm/LLB (Hons) LLM(IP) GAICD, FGIA

Appointed Company Secretary in April 2020.

Ms Currie has over a decade's experience in the role of Company Secretary, including for ASX Listed entities across a range of sectors. Her prior roles include Chief Legal Officer and Company Secretary at Syrah Resources Limited, Capitol Health Limited and the Baker Heart and Diabetes Institute, and she has acted as legal counsel for organisations including Medibank and Telstra. She is also a Non-Executive Director of Ceridian Australia Pty Ltd and Summer Infant Australia Pty Ltd.

Ms Currie is a Chartered Secretary and Fellow of the Governance Institute of Australia and has also completed post graduate education at the Australian Institute of Company Directors and Oxford University. She also holds a Master of Laws, and Bachelor of Commerce/Laws (Hons) from Monash University.



DIRECTORS' MEETINGS

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

DIRECTORS	BOARD		REMUNERATION, HUMAN RESOURCES, NOMINATION COMMITTEE		BOARD AUDIT COMMITTEE		BOARD RISK COMMITTEE		BOARD STRATEGY COMMITTEE	
	A	B	A	B	A	B	A	B	A	B
CURRENT DIRECTORS										
J Kennett AC	12	12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A Williams	12	12	4	4	n/a	n/a	n/a	n/a	n/a	n/a
A O'Donnell	12	11	4	4	n/a	n/a	4	3	n/a	n/a
K Eley	12	12	n/a	n/a	5	5	4	4	n/a	n/a
D G Sedgwick	12	12	n/a	n/a	5	5	n/a	n/a	5	5
J Minto ¹	12	12	n/a	n/a	5	5	4	4	5	5
T Hammon ²	12	12	3	3	n/a	n/a	n/a	n/a	5	5
C Robson ³	7	7	4	4	n/a	n/a	4	4	n/a	n/a
C Schwartz AO ⁴	5	5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
M O'Brien	12	12	n/a	n/a	n/a	n/a	4	4	5	5

A = Meetings eligible to attend

B = Meetings attended

n/a = Not applicable

¹Jim Minto was appointed a member of the Board Strategy Committee on 25 July 2019.

²Tim Hammon was appointed a member of the Board Strategy Committee on 25 July 2019 and the Remuneration, Human Resources, Nomination Committee on 19 September 2019.

³Catherine Robson was appointed a director of the Company effective 15 February 2020. She was a member of the Board Risk Committee and Remuneration, Human Resources, Nomination Committee prior to her appointment. Ms Robson was also a member of the Equity Trustees Superannuation Limited Board from 1 July 2019 until 5 May 2020.

⁴Carol Schwartz was appointed a director of the Company effective 4 March 2020.

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:

NAME	NUMBER OF SHARES ¹
J Kennett AC	60,583
A Williams	8,588
A O'Donnell	12,134
K Eley	124,554
D G Sedgwick	15,000
J Minto	11,193
T Hammon	2,316
C Robson	4,250
C Schwartz AO	-
M O'Brien	51,041

¹ Fully paid ordinary shares of the Company.



EXECUTIVE LEADERSHIP TEAM

MICHAEL (MICK) O'BRIEN

CFA, GAICD

Managing Director

Joined April 2016.

See profile in the previous section.

PHILIP GENTRY

BSc, MBA, GAICD

Chief Financial Officer and Chief Operating Officer

Joined January 2016.

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. He is also a Director of a number of the Group's subsidiary companies.

SHARNI REDENBACH

BAppSc (Psych), GradDip (AppPsych)

Executive General Manager, Human Resources

Joined August 2016.

Ms Redenbach has more than 18 years' experience as a Human Resources professional in the financial services industry. Before joining Equity Trustees, Ms Redenbach led the HR function in Australia for Fiserv, a global FinTech company. Prior to that, she was the National HR Manager for the Link Group. Ms Redenbach has expertise in culture, employee engagement and change management.

HARVEY KALMAN

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

Executive General Manager & Global Head of Funds Services, Corporate Trustee Services

Joined January 2000.

Mr Kalman has more than 30 years' experience in the financial services sector and is charged with overall global responsibility for the operational compliance of all Managed Fund Services in Australia, United Kingdom and Ireland/Europe and Corporate Trustee services. He previously held senior roles at ANZ, KPMG and the Australian Society of Corporate Treasurers. He is also a Director of a number of the Group's subsidiary companies.

IAN WESTLEY

BAgrSc, DipFinServ

Executive General Manager, Trustee and Wealth Services

Joined May 2007.

Mr Westley has more than 25 years' business development and sales experience in Australia and the UK, across a range of different industries. Mr Westley is responsible for managing the Trustee and Wealth Services' Private Clients business and has extensive experience across all areas of the Group's Traditional Trustee business. He is also a Director of a number of the Group's subsidiary companies. He holds a Bachelor of Agriculture Science degree from the University of Melbourne and a Diploma of Financial Services.



MARK BLAIR

BSc. Hons, FIA, FIAA

Executive General Manager, Superannuation Trustee Office

Joined January 2016.

Mr Blair has over 30 years' experience in the financial services industry in the UK and Australia, including advisory, strategy and business development roles. Mr Blair leads the Trustee and Wealth Services superannuation business and he is a Director of the Group's licensed superannuation trustee entities. He holds an Honours degree in Mathematics from Nottingham University and is a Fellow of the Institute of Actuaries in Australia and the UK.

OWEN BRAILSFORD

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

Chief Risk Officer

Joined February 2019.

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 (UK) and RSA Insurance (UK), and a risk management advisory role at KPMG.

JENNIFER CURRIE

BComm/LLB (Hons) LLM(IP) GAICD, FGIA

Company Secretary

Joined April 2020.

See profile in the previous section.



PRINCIPAL ACTIVITIES

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

- Responsible entity and trustee 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 the pre-eminent independent specialist provider of trustee services in Australia. 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 trustee services including estate planning and management, charitable, compensation, community and personal trust services, and 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, summarised as follows:

T1
**IMPROVING
CLIENT
SATISFACTION**

T2
**LIFTING
EMPLOYEE
ENGAGEMENT**

T3
**GROWING
SHAREHOLDER
VALUE**

T4
**DEEPENING
COMMUNITY
IMPACT**



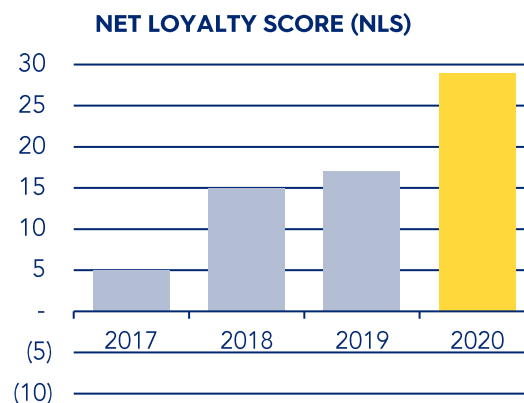
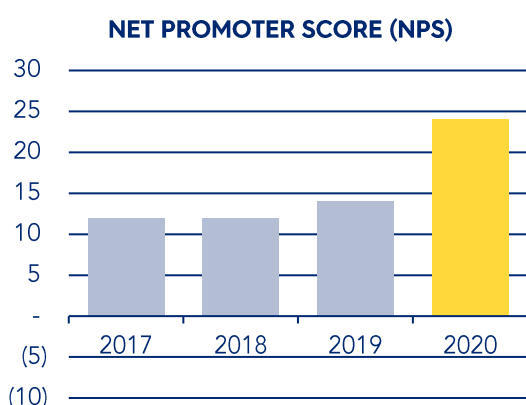
T1 IMPROVING CLIENT SATISFACTION

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 2020

Improvement in our T1 client satisfaction measures over the year was very strong. Our Net Promoter Score (a measure of whether clients will recommend Equity Trustees) increased by 10 points to 24, our Net Loyalty Score (a measure of whether clients will buy other services from Equity Trustees) was up 12 points to 29, and Satisfaction rose from 77% to 81%.



COMMENTARY

The Group's first target relates to client satisfaction. 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 2020, and pleasingly both scores have increased substantially from the comparative period.

A Client Satisfaction Steering Committee oversees actions to further improve the client experience. Key initiatives and programs during the year have included:

- The development of a client service charter promoted both internally and externally, enabling both staff and clients to better understand expectations of service.
- In Estate Management an enhanced workflow platform using Salesforce has been implemented leading to improved feedback from beneficiaries.
- Significant enhancements to client communications with a range of regular updates and improvements to the management of information. This has included quarterly market updates, a quarterly philanthropy publication, *Horizon*, the *Philanthropy Annual Giving Review* and a new bi-annual publication showcasing our private client services, *Generation*.
- The development of a formal relationship handover process to significantly enhance the client experience.

The Group has and will continue to invest in initiatives to further strengthen client satisfaction in the period ahead.



T2 LIFTING EMPLOYEE ENGAGEMENT

MEASURES

Each year, Equity Trustees conducts an employee engagement survey, looking at two measures: employee engagement and employee enablement. Employee engagement is the “want to” of work and refers to having committed and loyal employees who are willing to go the extra mile. Employee enablement is the “can do” of work and is about having the right people in the right roles, in an enabling work environment.

Together, these measures produce engaged performance and lead to operational excellence, client loyalty, strong financial performance, a trusted employer brand and the ability to attract and retain talent.

ENGAGED PERFORMANCE AS AT 30 JUNE 2020

96% of our employees participated in the survey this year, which ensured that we had meaningful results. Equity Trustees has maintained strong levels of employee engagement (68%) and enablement (72%), despite the survey being conducted during the height of the global pandemic when all of our employees had been working from home for several months. Our results are at or above the Financial Services Industry norm in both measures, and we are very pleased with these results.

Some of the initiatives introduced in FY20 which helped produce these good results were:

- Working with our employees, we reviewed our values and implemented a new set of values that truly represent the core of who we are: Trusted, Accountable and Empowering.
- We launched a new people initiative, *Co-Create*, to help build greater collaboration, communication and innovation across the company.
- All of our people leaders completed “Role of the Leader” training to provide them with the tools and support they need to be the best they can be.
- We developed a training catalogue to help employees decide how best to spend their individual learning and development budget.
- The development and promotion of a client service charter both internally and externally to enable both staff and clients to better understand expectations of service.

Equity Trustees is above the High-Performing norm on several survey dimensions, including Clear and Promising Direction, Confidence in Leaders, Quality and Customer Focus, Development Opportunities and Authority and Empowerment.

NEXT STEPS

We have developed a 2020/21 Employee Engagement Action Plan to help the Group reach our aspiration of achieving a high-performing level of engagement and enablement.



T3 GROWING SHAREHOLDER VALUE

KEY MEASURES

- Net Profit Before Tax.
- Earnings per share.
- Dividends.
- Growth in funds under management, administration, advice, and supervision (FUMAS).

UPDATE AS AT 30 JUNE 2020.

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

T4 DEEPENING COMMUNITY IMPACT

MEASURES

The value and impact of grants distributed
Employee volunteering, workplace giving, and other employee-related community impact initiatives

UPDATE AS AT 30 JUNE 2020

For the 30 June 2020 financial year, the Group supported the granting of \$91m for charitable purposes. Included within this amount is \$7.6m of one-off bequests. Our regular annual granting of \$83.4m is well above the prior corresponding period of \$78.8m.

We are pleased our people have delivered more than 150 days of pro bono work and another 40 volunteering days through the year (2019: 60 days). In addition, the Group's workplace giving programme, resulted in staff donating circa \$11,500 to the Equity Trustees Foundation, including approximately \$2,200 specifically to the Australian Volunteers Support Trust. These total donations were subsequently matched 100% by the Group, meaning over \$23,000 was donated back to support the community.

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 structured giving vehicles.
- Granting support and administration services to philanthropic individuals and organisations.
- Investment management of funds in philanthropic trusts as well as not-for-profit organisations.
- The establishment of two specialist trusts in a bid to capture and distribute key funding to areas impacted by the bushfires this summer. The establishment of these trusts leveraged over 1200 pro bono hours of dedicated EQT specialists time including legal, marketing, fundraising, and trust management support.

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 that demonstrate how we are continuing to deepen our impact are:

- We published our second Annual Giving Review (launched publicly in February 2020), outlining our giving and our progress on measuring our responsible stewardship of the funds and the social impact they're making.
- The process of building our Impact Measurement Framework is well underway. 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 have progressed our work now to three of our focus areas and will use this as a model for our remaining focus areas, in order to further 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

	FY20	FY19	FY20 v FY19	FY20 v FY19
FINANCIAL SUMMARY	\$'000	\$'000	\$'000	%
Revenue	95,430	92,499	2,931	3.2%
Total expenses	(65,117)	(61,163)	(3,954)	(6.5%)
Net Profit Before Tax (NPBT)	30,313	31,336	(1,023)	(3.3%)
Net Profit After Tax (NPAT)	18,487	21,369	(2,882)	(13.5%)
Loss attributable to non-controlling interest	(725)	(825)	100	12.1%
NPAT attributable to equity holders of the Company	19,212	22,194	(2,982)	(13.4%)
Underlying ¹ NPAT	21,218	22,194	(976)	(4.4%)
VALUE CREATION MEASURES				
Earnings Per Share (EPS) (cents)	92.95	108.61	(15.66)	(14.4%)
Underlying Earnings Per Share (EPS) (cents)	102.66	108.61	(5.95)	(5.5%)
Dividends per share (cents) (paid and proposed)	90	90	-	-
1-year total shareholder return (TSR)	(13.3%)	46.6%	-	N/A
3-year total shareholder return	54.5%	94.8%	-	N/A
Return on equity using NPAT	6.9%	8.1%	-	N/A
FUMAS (\$b)	101.0	84.9	16.1	19.0%

¹ Underlying net profit after tax excludes the effect of a provision for income tax in relation to a past acquisition. Refer to note 4 in the financial statements for further information. Underlying Earnings Per Share equals statutory Earnings Per Share in previous years.

The above table describes the key financial performance and financial value creation metrics of the Group for the year ended 30 June 2020. Of particular focus, and in line with the Group's T3 target *Growing Shareholder Value*, are net profit before tax (NPBT), earnings per share, dividends and funds under management, administration, advice and supervision (FUMAS).

For the year to 30 June 2020 FUMAS was up 19.0% to \$101b. This was a significant achievement in a year in which we experienced the COVID-19 pandemic crisis along with substantial market volatility. Net profit before tax of \$30.3m was relatively steady on the prior year, notwithstanding the volatile equity markets.

Net profit after tax was down 13.5% on the prior year. This includes a provision (based on the Group's best estimate) for tax that the Group has determined will be payable (previously a contingent liability) in relation to an acquisition that occurred in 2010. EPS was down 14.4% on the prior corresponding period, from 108.61 cents to 92.95 cents. This reduction principally reflects the impact of the downturn of equity markets on our business during the last four months of the financial year and the additional tax provision. Underlying EPS which excludes the one off tax provision was down 5.5% from 108.61 cents to 102.66 cents.

Detailed changes in FUMAS for the period are described in the *Business Unit Performance* sections of this report.

Total shareholder returns calculated at 30 June 2020 are 54.5% over the previous three years, and (13.3%) for the prior 12 months, in part reflecting lower equity markets.

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



REVENUE

Revenue for the financial year ended 30 June 2020 was \$95.43m, an increase of \$2.93m, or 3.2% on the prior period, notwithstanding challenging financial market conditions, particularly in the second half. Revenue growth has been driven by organic growth in both Trustee Wealth Services and Corporate Trustee Services during the year.

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

Volatility in equity markets has meant that growth in Group revenues linked to market returns has been more significantly impacted than in prior years. Equity markets in the first half of the year were relatively stable, but in the second half the COVID-19 pandemic and associated economic disruption and uncertainty contributed to a steep decline in equity markets through March and April. While there has been some recovery in recent months, many markets remain materially lower than their previous highs.

EXPENSES

Total expenses in FY20 were \$65.12m, up \$3.95m or 6.5% 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 that, due to their insignificance during the 2020 financial year, have not been separately disclosed.

Expense growth has principally been a function of targeted investment in the TWS Superannuation Trustee Office, Asset Management, the UK/Ireland operations of our Corporate Trustee Services business, as well as in technology to support improvements in productivity and an enhanced employee and client experience. This investment has been required to support new business development and is evidenced by the considerable growth in FUMAS year on year in both CTS and TWS.

Expense growth in other areas was sharply curtailed in the second half in response to the equity market downturn and significant social and economic uncertainty of the COVID-19 pandemic.

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	FY20	FY19	FY18
EBITDA margin	38.4%	39.0%	37.7%
NPBT margin	31.8%	33.9%	32.5%

The Group's EBITDA margin calculated as earnings before interest, tax, depreciation and amortisation, divided by total revenue remains at strong levels, albeit decreasing, principally due to the equity market downturns in the second half of the financial year. The EBITDA margin now stands at 38.4%.

Similarly, the Group's net profit before tax margin has decreased to 31.8%, from 33.9% at 30 June 2019, and 32.5% at 30 June 2018.

The maintenance of healthy margins over the last three years is testament to the Group's financial resilience and ongoing efforts to improve productivity despite volatile market conditions and significant growth. These productivity gains have been delivered while continuing to make targeted investment in people and technology to better manage risk and support future growth.



SHAREHOLDER RETURNS AND DIVIDENDS

SHAREHOLDER RETURNS FOR THE PERIOD	FY20	FY19	FY20 VS FY19 %
Earnings Per Share on NPAT (cents)	92.95	108.61	(14.4%)
Earnings Per Share (EPS) on underlying NPAT (cents)	102.66	108.61	(5.5%)
Annualised ROE on NPAT(%)	6.9	8.1	(14.8%)
Dividends for the period			
Fully franked dividends paid/payable (\$'000)	18,654	18,435	1.2%
Fully franked dividends per ordinary share (cents)	90	90	-
Dividend payout ratio(%)	96.8	82.9	16.8%
Underlying Dividend payout ratio(%)	87.7	82.9	5.8%

REPORTED EARNINGS

Basic earnings per share for the year was 92.95 cents per share (2019: 108.61 cents), representing a 14.4% decrease on the prior corresponding period.

The weighted average shares on issue during the year were 20,668,662 (2019: 20,435,173). The increase in shares on issue is attributable to:

- Participation under the dividend reinvestment plan (DRP) in relation to the 2019 final and 2020 interim dividends; and
- Participation in employee share acquisition plans, share based remuneration and salary sacrifice schemes.

DIVIDENDS

During the year a fully franked interim dividend of 47 cents was paid to ordinary shareholders of the Company in respect of the half-year period ended 31 December 2019.

Subsequent to 30 June 2020, the Directors have resolved to pay a fully franked final dividend of 43 cents per share, taking the total dividends paid/payable for the year to 90 cents, which is consistent with the prior year.

The annual dividends reflect a dividend payout ratio of 96.8% and an underlying dividend payout ratio of 87.7%, which on an underlying basis is within the Group's target dividend payout range of 70% - 90%. The dividend reflects the Group's confidence in the financial performance of the company.

The Dividend Reinvestment Plan will continue to operate for the 2020 final dividend, with a 1% discount. The 2020 final dividend will be fully franked and payable on 8 October 2020.



GROUP FINANCIAL POSITION

SUMMARY CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE	FY20 \$'000	FY19 \$'000
Assets		
Cash and cash equivalents	84,738	54,434
Trade receivables and accrued income	27,518	22,166
Goodwill and intangible assets	208,345	210,969
Other assets (including managed fund investments)	22,065	25,640
Total Assets	342,666	313,209
Liabilities		
Trade payables and other current liabilities	13,751	10,811
Borrowings	29,000	12,000
Other non-current liabilities	32,557	27,106
Total Liabilities	75,308	49,917
Equity		
Issued capital	248,862	242,981
Reserves	1,949	2,907
Retained earnings	18,009	18,299
Total equity attributable to owners of the Company	268,820	264,187
Non-controlling interest	(1,462)	(895)
Total Equity	267,358	263,292

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

Increased by \$5.35m, or 24.1% on the prior period. While there has been some increase in these balances across the year, these amounts do naturally vary from year to year, and Management do not believe that this increase is 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 \$2.62m reduction in this balance is predominantly caused by amortisation of intangible assets during the period.

BORROWINGS

Borrowings have increased by \$17m from \$12m at 30 June 2019 to \$29m at 30 June 2020. The increase is a result of a decision to increase liquidity during a time of increased economic uncertainty, as well as borrowings associated with the capitalisation of our superannuation trustee to facilitate operational risk financial reserve (ORFR) funding. There are \$9m of borrowings associated with the ORFR funding that are provided by Colonial Mutual Life Assurance Society (CMLA). These ORFR borrowings are effectively cash-backed and they are excluded from the financial covenant calculations of our core bank debt facility arrangements. Along with committed, undrawn facilities of \$20m, the increased liquidity provides 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 FY20 the Group complied with all its debt covenants.



ISSUED CAPITAL

Increased by \$5.88m during the year, due primarily to the active Dividend Reinvestment Plan (DRP), with the remainder being shares issued under the Long-term Incentive Plan, Employee Salary Sacrifice Share Plan and Employee Share Acquisition Plan.

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 (2020: debt/equity ratio of 10.8%). 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. During the second half the Group increased its cash and liquidity to ensure that it had the resilience and flexibility to manage any unforeseen circumstances arising from the COVID-19 pandemic and the associated economic and social disruption.

CASH FLOW

FOR YEAR ENDED 30 JUNE	FY20 \$'000	FY19 \$'000
Cash from operating activities		
Receipts from customers	100,591	101,255
Payment to suppliers and employees	(69,627)	(65,692)
Operating cash flow before income tax	30,964	35,563
Income tax paid	(12,707)	(12,288)
Net cash from operating activities after income tax	18,257	23,275
Dividends paid to members of the Company	(14,600)	(13,469)
Redemption of/ (investment in) liquid investments	10,168	(8,000)
Net payments for assets and acquisitions	(1,294)	(937)
Proceeds from/ (repayment of) borrowings	17,000	(8,000)
Interest received	935	925
Other cash flows	(84)	(28)
Net increase/(decrease) in cash and cash equivalents	30,382	(6,234)
Cash and cash equivalents at the beginning of the financial year	54,434	60,651
Exchange fluctuations on foreign cash balances	(78)	17
Cash and cash equivalents at the end of the financial year	84,738	54,434
Additional liquid funds	5,000	15,257
Total liquid funds at the end of the financial year	89,738	69,691



CASH FLOW ANALYSIS

The Group's cash and cash equivalents have increased by \$30.3m or 55.7% on the prior year and total liquid funds have increased by \$20.0m or 28.8% on the prior corresponding period. The Group is required to hold a certain amount of cash and liquidity to meet regulatory capital requirements in relation to its licenced activities, a portion of which is held in managed schemes that 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 has also elected to hold additional cash to increase its liquidity buffer as part of its management activities relating to COVID-19.

The Group's capacity to generate cash continues to be strong, although pre-tax operating cash flows reduced moderately during the year to \$31.0m. This reduction was due in part to the continued investment in the business to support growth and the impact of adverse equity markets in the second half of the year.

Material non-operating cash flows during the year were:

- \$17.0m increase in borrowings to enhance liquidity and also to facilitate the provision of ORFR capital associated with the appointment of trustee to the CMLA superannuation funds.
- \$10.2m redemption of investments in the Mutual (Cash) Common Fund M1 and the EQT Wholesale Mortgage Income Fund, to improve liquidity.
- \$14.6m of dividend payments (net of DRP) to shareholders, up 8.4% 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 securitisations, loans, structured products and security, paying agent and escrow arrangements.

THE UNITED KINGDOM AND IRELAND

- Authorised Corporate Director (ACD), Alternative Investment Fund Manager (AIFM) 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	FY20	FY19	FY20 V FY19	FY20 V FY19
FINANCIAL PERFORMANCE	\$'000	\$'000	\$'000	%
Revenue	31,550	30,078	1,472	4.9%
Expenses	(19,324)	(17,155)	(2,169)	(12.6%)
Business unit net profit before tax	12,226	12,923	(697)	(5.4%)
Business unit profit margin (%)	38.8%	43.0%	-	(9.8%)
GROWTH IN KEY DRIVERS				
Funds under supervision (FUS) (\$b)	81.7	68.6	13.1	19.1%
Funds Manager Clients				
No. Clients	137	135	2	1.5%
No. Funds	341	287	54	18.8%

CTS revenues have increased by 4.9% on the prior corresponding period, from \$30.08m for the year ended 30 June 2019, to \$31.55m for the year ended 30 June 2020. Expenses are up 12.6% for the year, to \$19.3m, 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 reduction in the business unit profit margin, from 43.0% to 38.8%.



CTS revenue growth is predominantly driven by growth in FUS, which is in turn driven by new clients, new funds and fund in/out flows, and to some extent by global and domestic investment markets and prevailing foreign exchange rates. CTS revenues are correlated approximately 50% to the MSCI World Index, although in addition to this, exchange rates can also have a pronounced impact.

The CTS result for the financial year reflects continued solid underlying performance in the business. FUS increased by 19.1% over the year to \$81.7b despite the equity market downturn in the second half of the year. The number of managers and funds also increased by 1.5% to 137 and 18.8% to 341 respectively when compared to the prior corresponding period.

During the year there were appointments to several new high quality Australian and International funds. Highlights include being appointed as the Trustee of a \$10.5b suite of CMLA funds, Responsible Entity to a new \$550m Australian Securities Exchange (ASX) listed investment trust: Partners Group Global Income Fund (ASX: PGG), and ACD to a \$3.9b suite of River and Mercantile funds in the UK.

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 particularly strong 2020 financial year, with many new appointments. Revenue attributable to these services has grown 39.8% in 2020, to \$2.5m. This has included an appointment as Trust Manager and Security Trustee to our first securitisation transaction. Additionally, a credit license has been granted by ASIC to enhance the product suite. The corporate trust and structured finance team is steadily developing a reputation for high quality service and advice in its specialist niche and this is reflected in their rapid growth.

Further afield, the Group's UK and Irish operations are becoming better established and building momentum in their respective markets. As at 30 June 2020, the combined businesses had FUS of £1.9b, a 603.4% increase on the prior corresponding period. There are now 9 fund manager clients and 22 funds, up from 6 clients and 8 funds as at 30 June 2019. We are delighted that new clients of the calibre of River and Mercantile and Alliance Bernstein have chosen to appoint Equity Trustees as their ACD. Revenue from the combined UK/Ireland operations is up 59.6% to \$1.1m. Expenses are also up substantially reflecting the establishment of the Irish office and additional resourcing in the UK operation to support new business.

A considerable amount of focus is being placed on new business development in the UK and Ireland, and the team are pursuing several promising opportunities. 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 the transition to a post-Brexit environment.

The expenses relating to the development of these businesses over FY20 have contributed to a higher than usual rate of expense growth for CTS, however this investment has been necessary to ensure that 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 an improved financial performance in the year ahead.

Looking ahead, the outlook for the CTS business is positive, with a good pipeline of opportunities. While financial markets have been volatile in recent months, the wealth management industry is highly innovative and fund managers continue to develop new products to bring to market. Key opportunities include an increasing level of engagement with fund managers regarding prospects of externalising their RE function; appointments as RE to listed investment trusts (LIT's) and Exchange Traded Funds (ETF's); and cross-selling opportunities between our Australian, UK and Irish operations.

The CTS business is an increasingly diversified business across asset classes, currencies and geographies, providing a measure of resilience when markets are uncertain and volatile. This also provides a partial hedge against our Australian-based TWS business.

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

More broadly, the business continues to leverage its market position to advocate for best-practice regulation for collective investment vehicles in Australia and in Europe 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.

	FY20	FY19	FY120 V FY19	FY20 V FY19
TWS PERFORMANCE AND KEY DRIVERS	\$'000	\$'000	\$'000	%
Private client trustee services revenue	42,233	41,867	366	0.9%
Superannuation trustee services revenue	14,035	13,104	931	7.1%
Other services revenue	6,866	6,375	491	7.7%
Total TWS revenue	63,134	61,346	1,788	2.9%
Expenses	(45,505)	(43,270)	(2,235)	(5.2%)
Business unit net profit before tax	17,629	18,076	(447)	(2.5%)
Business unit profit margin (%)	27.9%	29.5%	-	(5.4%)
	FY20	FY19	FY120 V FY19	FY20 V FY19
GROWTH IN KEY DRIVERS	\$B	\$B	\$B	%
Funds under management, advice, administration and supervision (FUMAS)	19.3	16.8	2.5	14.9%
Superannuation	11.2	8.1	3.1	38.3%
Philanthropy	2.0	2.1	(0.1)	(4.8%)
Asset Management	3.9	4.3	(0.4)	(9.3%)
Trusts & Estates	1.6	1.6	-	-
Wealth Advice	0.6	0.7	(0.1)	(14.3%)

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 it has been trusted by Australians to provide these services for over 130 years.



The TWS business unit performed well for the year, with revenue of \$63.13m, up \$1.79m or 2.9% on the prior corresponding period, notwithstanding the significant downturn in equity markets during the second half of the year.

Revenue growth is attributable to:

- Moderate growth in headline Private Client Trustee Services revenue of 0.9%, taking revenues to \$42.23m for the year. As described 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 FY20. This was a good achievement in the face of difficult equity markets.
- Strong growth in Superannuation Trustee Services revenue, up 7.1% on the prior comparative period. Total revenue associated with these services is now \$14.04m and has grown principally due to the Group's appointment as Registrable Superannuation Entity (RSE) Licensee to the CMLA superannuation funds in October 2019 along with the full-year effect of the Group's appointment as RSE Licensee to the Zurich Master Superannuation Fund, which transferred to the Group in late FY19.
- Revenue associated with Other Services includes estate administration, estate planning and taxation services. During the year there was an increase in revenue associated with these services of \$0.49m, up 7.7% on the prior year. Estate planning and taxation services are not exposed to markets, however estate management can be and the size and nature of estates is also difficult to predict leading to some inherent variability in revenues from year to year.

Expenses in FY20 were up 5.2%, principally reflecting continued investment in key people to support our superannuation trustee growth opportunities and also the appointment of two Sydney based business development executives to help drive growth in private client trustee services. Additionally, there has been increased investment in technology to improve productivity and both employee and client experience. Examples of this include a new on-line estate planning tool enabling clients to begin the estate planning process from the comfort of their own home and the application of Salesforce and robotic process automation to improve efficiencies and the client proposition.

TWS FUMAS increased by 14.9% to \$19.3b compared to the prior comparative period. This increase is predominantly driven by CMLA superannuation funds (\$3.6b of \$11.2b), and new private clients (\$156m).

TWS revenue 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 4% lower through FY20 versus the closing index at 30 June 2019. Based on the level of the S&P/ASX 200 at the end of June 2020, a 1.0% movement in the S&P/ASX 200 impacts annualised TWS revenue by approximately \$350k.

The outlook for the TWS business remains positive. Superannuation Trustee Services have a healthy pipeline of new business opportunities and are expected to continue to contribute strongly to growth. On 1 July 2020 EQT announced its appointment as RSE Licensee to AMP Life's \$7.5 billion of superannuation funds, and on 1 August 2020 EQT announced its appointment as RSE Licensee to HUB24's \$7.9 billion superannuation fund. These appointments will help underpin revenues in the period ahead. In order to support this growth significant investment in people and technology is being made, to ensure that this business has the resources and capability to sustainably manage its new clients and 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 strong pipelines of new business opportunities and we are encouraged by their prospects for future growth.



BUSINESS RISKS

The Equity Trustees Group utilises a comprehensive Risk Management Framework (RMF) comprising the totality of systems, processes, structures, policies and people involved in identifying, assessing mitigating and monitoring risks. The key elements are set out below.



RISK AND COMPLIANCE CULTURE

Our Risk Culture is the system of values and behaviours that supports good risk and compliance management and determines our collective ability and commitment to identify, understand, openly discuss and act on our current, emerging and future risks and obligations whilst operating consistently within our Risk Appetite.

The Group strives to foster a Risk Culture (RC) aligned to its Values:

- We make risk-informed decisions in line with our risk appetite (Trusted).
- Everyone feels safe to raise issues and incidents and ask for help if they don't know (Trusted and Empowering).
- We are accountable and identify, address and learn from breaches and incidents rather than hiding them (Accountable).
- We are pragmatic in our approach to identifying and managing risk rather than ticking a box (Accountable).

SUPPORT AND MONITORING FOR THE RISK CULTURE

- Annual Risk Culture Survey.
- Key Risk Indicator Monitoring to Management and Board Committees.
- Ongoing mandatory compliance training.
- Group-wide relevant policies.



THREE LINES OF DEFENCE

EQT operates the three lines of defence governance model to ensure clear accountability and responsibility for governance, risk management and compliance. The model ensures appropriate structures are in place for:

- Taking and managing risk.
- Meeting compliance obligations.
- Provision of advice with, challenge and oversight in the risk management process.
- Assurance in control design and operating effectiveness.

The three lines have independent reporting lines through Executive Management and into Group Boards and Sub-Committees, with unfettered access to Directors to ensure appropriate checks and balances are built into our operating model.



BUSINESS RISKS AND COVID-19

The emergence of COVID-19, in line with much of the industry, resulted in the elevation of Equity Trustees' risk profile in March 2019. The elevation occurred across multiple risk categories including, people, financial, investment, strategic and operational risks.

Our primary objectives were to ensure the safety of our people, continued uninterrupted service to our clients and the appropriate discharge of our obligations as Trustee to the members, investors and beneficiaries of our trusts and funds. Our business continuity plan was invoked and has resulted in over 95% of our staff successfully working remotely since March. In addition, a series of steps have been taken to ensure an appropriate control environment continues to operate with many of our staff and service providers working remotely.

Throughout the last quarter of the financial year additional governance structures were put in place to ensure appropriate focus on matters requiring trustee consideration and decision, including equity issues (liquidity, valuation, equity), technical matters relating to fund operation, and beneficiary service and outcomes. Such matters required consideration within short timeframes.

In addition, the impact of market volatility and associated financial risks have been closely managed to ensure appropriate management of expenses in response to revenue pressures.

While a number of the immediate risks have been successfully navigated in the first instance, the impact of COVID-19 continues and the risk profile remains elevated into the new financial year.



KEY RISKS

Key risks faced by the Group are categorised with reference to the Group's risk management framework (RMF), 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.
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 Committees. 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.



RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
OUTSOURCING	Equity Trustees relies on several third-party service providers for various fund administration, investment management, accounting, custody, market data, market indices, promotion 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

FY20 has been a tale of two halves with a relatively strong first half offset to some extent by the impacts of the COVID-19 pandemic and volatile financial markets in the second half. None the less, Equity Trustees has responded quickly and decisively to the challenges presented by these dramatically changed circumstances, especially the significantly increased social and economic uncertainty.

First and foremost, Equity Trustees moved quickly to ensure staff wellbeing was maintained and clients were being communicated with, listened to and looked after appropriately. We also continued to invest selectively in those parts of the business which are mission-critical and where growth opportunities are most attractive, while carefully managing expenses in all other areas. This has ensured a solid financial performance for FY20 has been achieved while also creating a stronger foundation for sustainable growth in the future.

Equity Trustees has been serving clients for over 130 years, through world wars, pandemics, recessions and other crises. We are resolute in our determination to look after our staff well, to serve our clients to the highest standard, to support our communities and to maintain a strong financial position with the long-term horizon firmly in mind.

While financial markets have recovered significantly from their low's earlier in the year, there remains a risk of further market down-turns. With over \$100 billion of funds under management, administration and supervision (FUMAS), Equity Trustees revenues are impacted by material movements in equity markets. The correlation with various equity markets is approximately 50% and with our strong financial position and highly diversified FUMAS portfolio we are well placed to withstand and manage through such volatility.



In the decades ahead the Equity Trustees proposition is supported by the long-term structural dynamics of an ageing demographic, combined with government-mandated superannuation and an unprecedented intergenerational wealth transfer. In addition, the global and domestic economic downturn and associated challenges are causing many companies to review their strategies and place renewed focus on their core capability while exiting or out-sourcing other components. Collectively, these drivers provide substantial opportunities for Equity Trustees to offer our market-leading independent specialist trustee services. The environment is also potentially conducive to corporate opportunities emerging that enable our core trustee capability to be strengthened or deployed more broadly.

Interest in the services we offer as a specialist, independent trustee continues to grow from both private clients and companies, and we view this as a positive endorsement of the trust and capabilities we provide to our clients.

Over the medium to longer term the characteristics of this environment are favourable and, along with our market-leading, specialist focus on trusteeship and targeted further investment in our core trustee capabilities, these factors 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

Subsequent to 30 June 2020, the Victorian Government declared a State of Disaster in Victoria due to an escalation of the number of active cases of COVID-19. While the declaration of a State of Disaster as resulted in further restrictions being placed on businesses and individuals, including the Group, whose operations are majority-based in Victoria, the Group's business continuity plans have remained in place and the Group has been able to continue operating.

Other than as described above, 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 our Remuneration Report for the 2020 financial year (FY20), which sets out remuneration information for Key Management Personnel and Non-Executive Directors. This introductory section outlines how Equity Trustees, with our focus on delivering for all stakeholders, has ensured that Executive reward is aligned with shareholder returns.

WE HAVE A STABLE LEADERSHIP TEAM

A critical component of our remuneration strategy is to attract and retain high-calibre Executives. Over the last four years, Equity Trustees has maintained a stable and high-performing leadership team who have worked closely together to create a strong culture and continue delivering strong results for clients, employees, shareholders and the community, even in these unprecedented times. Fixed remuneration remained largely unchanged for Executives in FY20, with only two market adjustments made, and it is not anticipated that there will be material increases in FY21. An appropriate level of short and long-term incentives were awarded based on Company and individual Executive performance.

WE'VE ALIGNED EXECUTIVE REWARD WITH SHAREHOLDER RETURNS

Pleasingly, against the backdrop of a global pandemic and significant market downturn, Equity Trustees delivered stable financial performance. Group Profit Before Tax was down to \$30.3m, and the dividend remained steady at 90 cents. Accordingly, the short-term incentive results for Executives have been reduced to reflect the challenging and difficult economic environment as a result of the market downturn. Collectively, the Executives received 50% of the target short-term incentive, compared to 75% in FY19, which is considered to be a fair and commercial outcome in these circumstances. Earnings Per Share (EPS) growth for the three-year measurement period ending 30 June 2020 was 10.1% per annum on an underlying basis (and for the Managing Director, Total Shareholder Return was at the 85th percentile), resulting in an appropriate 81% and 62% vesting of Awards to the Managing Director and eligible Executives respectively, for the series in our Long-Term Incentive (LTI) Plan that vests at 30 June 2020.

The Board believes our framework has again produced the appropriate balance between fixed remuneration and variable remuneration, both short- and long-term, and ensured an important alignment between Executive reward and shareholder returns.

IMPLEMENTING THE BOARD'S SUCCESSION PLAN

As part of the Board's succession planning, we were pleased to welcome two new Independent Non-Executive Directors – Carol Schwartz AO and Catherine Robson. Their appointments add depth and diversity to the Board in a number of key areas that are important to Equity Trustees' continued success.

In order to support the Executives in effectively responding to the market downturn, and to help Equity Trustees achieve the best possible result for shareholders in FY20, the Board unanimously decided to reduce the fees of Non-Executive Directors by 10%, effective from 1 May 2020 and until such time as the Board determines.

As the Chairman mentioned in his letter to you, after 13 years of service to Equity Trustees I will be stepping down at the 2020 Annual General Meeting. It has been a pleasure to serve you.

Thank you for taking the time to read our Remuneration Report.

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 2020. 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		
J Kennett	Chairman	Full year
A Williams	Independent Non-Executive Director	Full year
A O'Donnell	Independent Non-Executive Director	Full year
K Eley	Independent Non-Executive Director	Full year
DG Sedgwick	Independent Non-Executive Director	Full year
J Minto	Independent Non-Executive Director	Full year
T Hammon	Independent Non-Executive Director	Full year
C Robson	Independent Non-Executive Director	Commenced 15 February 2020
C Schwartz	Independent Non-Executive Director	Commenced 4 March 2020
MANAGING DIRECTOR		
M O'Brien	Managing Director	Full year
EXECUTIVES		
M Blair	Executive General Manager, TWS Superannuation Trustee Office	Full year
P Gentry	Chief Financial Officer and Chief Operating Officer	Full year
H Kalman	Executive General Manager, Corporate Trustee Services and Global Head of Fund Services	Full year
S Redenbach	Executive General Manager, Human Resources	Full year
I Westley	Executive General Manager, TWS Private Clients	Full year
O Brailsford	Chief Risk Officer	Full year

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 cash components 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) ³	SHORT- TERM BONUS/ INCENTIVE	LONG-TERM EMPLOYEE BENEFITS	SHARE BASED PAY- MENTS ⁴	TOTAL
	SALARY \$	NON- MONETARY ¹ \$	SUPER- ANNUATION ² \$	\$	\$	LONG SERVICE LEAVE \$	\$	\$
MANAGING DIRECTOR								
M O'Brien								
2020	713,392	15,605	21,003	750,000	255,000	15,070	(63,485)	956,585
2019	713,864	15,605	20,531	750,000	380,000	12,044	328,276	1,470,320
EXECUTIVES								
M Blair, Executive General Manager, TWS Superannuation Trustee Office								
2020	330,997		21,003	352,000	110,000	7,747	146	469,893
2019	299,469	-	20,531	320,000	110,000	3,036	127,888	560,924
P Gentry, Chief Financial Officer and Chief Operating Officer								
2020	413,872	10,125	21,003	445,000	110,000	8,865	(60,358)	503,507
2019	412,659	10,125	20,531	443,315	165,000	4,015	187,201	799,531
H Kalman, Executive General Manager, Corporate Trustee Services and Global Head of Fund Services								
2020	408,872	10,125	21,003	440,000	-	7,044	(93,551)	353,493
2019	409,344	10,125	20,531	440,000	165,000	9,889	207,133	822,022
S Redenbach, Executive General Manager, Human Resources								
2020	283,757	5,240	21,003	310,000	90,000	3,348	2,658	406,006
2019	274,229	5,240	20,531	300,000	100,000	2,608	121,316	523,924
I Westley, Executive General Manager, TWS Private Clients								
2020	378,997	-	21,003	400,000	160,000	6,414	(29,918)	536,495
2019	379,469	-	20,531	400,000	160,000	11,403	183,880	755,283
O Brailsford, Chief Risk Officer								
2020	283,308	8,997	21,003	313,308 ⁵	57,500	1,375	-	372,183
2019	107,029	5,000	7,845	119,874	20,000	340	-	140,214

¹Non-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.

²Superannuation includes the Superannuation Guarantee Charge (SGC) and, in some cases, additional superannuation payments that have been sacrificed from salary.

³The remuneration increases for M Blair and S Redenbach were market-based and designed to be competitive in line with the EQT Group Remuneration Policy.

⁴Share-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 2017/2018 Series which ended on 30 June 2020 was awarded at 62% of the maximum entitlement, as the EPS performance criteria was partially 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 booked 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 2017/2018 Series which ended on 30 June 2020 was awarded in full, as the requisite criteria were achieved. Further details are included in the Company Performance section of this Remuneration Report.

⁵O Brailsford had two weeks of leave without pay during FY20, and in FY19 his Total Employment Cost and short-term incentive were pro-rated based on tenure (commencement date 18 February 2019).



SUMMARY – NON-EXECUTIVE DIRECTORS REMUNERATION

Non-Executive Director fees are reviewed every two years 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. A market review of Non-Executive Director fees was scheduled to occur in June 2020, however in response to the market downturn as a result of the global pandemic, the Board unanimously decided to reduce their fees by 10%, effective from 1 May 2020 and until such time as the Board considers appropriate. A market review will then be conducted at that point in line with Company practice.

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-EMPLOYMENT BENEFITS		LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS		TOTAL
	FEE \$	BONUS \$	NON-MONETARY ¹ \$	SUPERANNUATION ² \$		\$	\$	\$
J Kennett, Chairman								
2020	191,965	-	5,600	18,768	-	-	-	216,333
2019	195,313	-	5,600	19,087	-	-	-	220,000
A Williams								
2020	111,643	-	7,344	11,304	-	-	-	130,291
2019	116,005	-	5,000	11,495	-	-	-	132,500
A O'Donnell								
2020	120,723	-	5,000	11,944	-	-	-	137,667
2019	122,854	-	5,000	12,146	-	-	-	140,000
K Eley								
2020	116,233	-	5,000	11,517	-	-	-	132,750
2019	118,288	-	5,000	11,712	-	-	-	135,000
DG Sedgwick								
2020	121,233	-	-	11,517	-	-	-	132,750
2019	109,950	-	-	25,050	-	-	-	135,000
J Minto								
2020	129,703	-	5,000	12,797	-	-	-	147,500
2019 ³	126,190	-	1,664	12,146	-	-	-	140,000
T Hammon								
2020	109,022	-	5,000	10,832	-	-	-	124,854
2019 ⁴	55,683	-	2,917	5,567	-	-	-	64,167
C Robson⁵								
2020	57,108	-	450	5,468	-	-	-	63,026
C Schwartz⁶								
2020	30,731	-	-	2,919	-	-	-	33,650

¹Non-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.

²Superannuation includes the SGC and, in some cases, additional superannuation payments that have been sacrificed from Directors' fees and entitlements.

³J Minto was appointed Deputy Chair on 1 March 2019 and received an additional \$15,000 in fees to reflect his new responsibilities.

⁴Fees for T Hammon were pro-rated in 2019 based on tenure (commencement date 1 December 2018).

⁵Fees for C Robson were pro-rated based on tenure (commencement date 15 February 2020). Ms Robson was also a member of the Equity Trustees Superannuation Limited Board from 1 July 2019 until 5 May 2020. Remuneration set out in the above table captures all amounts from the date at which Ms Robson became Key Management Personnel (15 February 2020) to the end of the financial year.

⁶Fees for C Schwartz were pro-rated based on tenure (commencement date 4 March 2020).



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.
- Reviews and recommends 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 and inclusion 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. No external consultants or advisors were engaged in FY20, other than for the bi-annual Board review process.



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

- | | |
|---|--|
| <ul style="list-style-type: none">• Align with EQT Holdings Limited's strategy and performance.• Ensure appropriate focus on leadership, culture, values, compliance and trustee decision making.• 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. | <ul style="list-style-type: none">• 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)

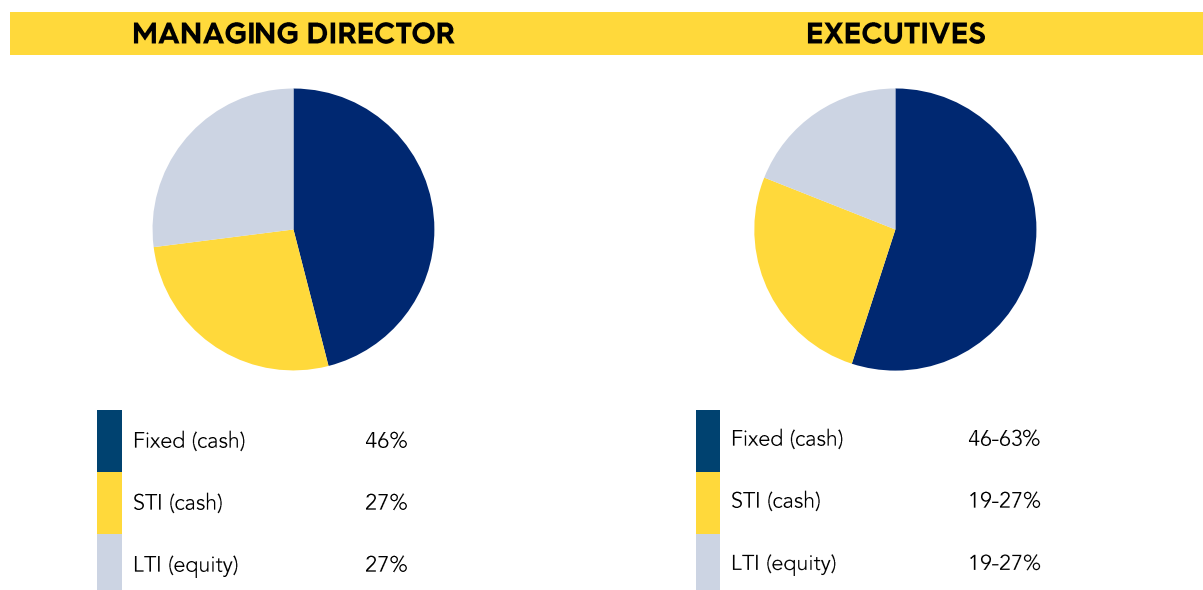
- Annual 'at risk' component based on Company, business unit and individual performance.
 - Range: 30% to 60% of TEC.
 - Settlement: Normally paid as cash through the payroll system.
 - Remuneration Committee considers and recommends STI participation to the Board.
-

LONG-TERM INCENTIVE (LTI)

- Delivered in equity awards (and shares at vesting) based on prescribed performance hurdles.
 - Range: 30% to 60% of TEC.
 - Applied over three-year measurement period.
 - Aligned to long-term growth strategy.
 - Remuneration Committee considers and recommends LTI participation to the Board.
-



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.



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 2020, along with comparative information covering the previous four years.

	30 JUNE 2020 \$'000	30 JUNE 2019 \$'000	30 JUNE 2018 \$'000	30 JUNE 2017 \$'000	30 JUNE 2016 \$'000
Revenue	95,430	92,499	88,456	79,928	83,696
Net profit before tax (NPBT)	30,313	31,336	28,731	22,266	18,913
Net profit after tax (NPAT) statutory	19,212	22,194	19,696	15,437	13,288
Net profit after tax (NPAT) underlying ³	21,218	n/a	n/a	n/a	n/a
NPAT margin – statutory	20.1%	24.0%	22.3%	19.3%	15.9%
NPAT margin – underlying ³	22.2%	n/a	n/a	n/a	n/a

	30 JUNE 2020 \$	30 JUNE 2019 \$	30 JUNE 2018 \$	30 JUNE 2017 \$	30 JUNE 2016 \$
Share price at start of year	29.60	20.80	17.71	16.44	20.39
Share price at end of year	24.75	29.60	20.80	17.71	16.44



	30 JUNE 2020 CPS	30 JUNE 2019 CPS	30 JUNE 2018 CPS	30 JUNE 2017 CPS	30 JUNE 2016 CPS
Interim dividend ¹	47	44	40	35	34
Final dividend (paid or payable) ^{1,2}	43	46	42	36	34
Total dividends for the year ¹	90	90	82	71	68
Earnings per share (statutory)	92.95	108.61	97.27	77.00	66.98
Earnings per share (underlying) ³	102.66	-	-	-	-

¹All dividends are fully franked at the 30% corporate income tax rate.

²The final dividend was declared after balance date and is not reflected in the financial statements as at 30 June for each year.

³Underlying net profit after tax excludes the effect of a provision for income tax in relation to a past acquisition. Refer to note 4 in the financial statements for further information. Underlying Earnings Per Share equals statutory Earnings Per Share in previous years.

The Group's performance for the year to 30 June 2020 has been stable, notwithstanding the impacts of COVID-19 during the last quarter of the year. Increased volatility in equity markets saw the Group's market linked revenues fall over the three months to 30 June, with profits correspondingly down. Profit after tax was \$19.21m, which includes a provision for tax relating to amounts previously deducted in relation to an acquisition that occurred during 2010. The NPAT margin fell from 24.0% to 20.1%, with most of this fall being attributable to the aforementioned tax provision. The interim dividend of 47 cents was up 6.8% on the previous period, and the final dividend of 43 cents has been set at a level bringing the total dividend to 90 cents, which is equivalent to the prior year and giving due regard to the more challenging operating conditions.

The total returns to shareholders (TSR) on a three-year basis remain very strong at 54.5% and, despite the current circumstances, the underlying business continues to perform strongly as well. The financial performance of the Group, as well as other key measures, are described more fully in the *Operating and Financial Review* section of the Directors' Report.

Short-term incentives awarded to the Managing Director and Executives during the 2020 financial year appropriately reflect the result for the year. Approximately 50% (2019: 75%) of the target short-term incentive opportunity has been awarded to the Managing Director and eligible Executives, with a range of 0% to 73%. 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 Long-Term Performance Incentives section, 62% of the awards linked to the EPS criterion relating to the 2017/18 Series which ended on 30 June 2020 vested. The vesting for these awards was assessed on the basis of underlying NPAT for FY20, which excludes a one-off tax provision that relates to an acquisition which took place 10 years ago under previous management and does not reflect the positive performance of current management. None of the awards linked to the EBIT (UK) criteria vested. For the Managing Director, 50% of the 2017/18 LTI Award was linked to the Total Shareholder Return (TSR) of the Company compared with a group of peer companies, comprising the participants in the ASX 200 Diversified Financials Index. The Company's 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 on 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 FY20, these measures included Group and Business Unit profit before tax (PBT), expense control, client satisfaction, member outcomes, employee engagement, service delivery, leadership and compliance (including trustee decision making for the Revenue Business Units). The weightings varied according to the specific responsibilities of the Executives.

MEASURE	MANAGING DIRECTOR FY20 KPIs % WEIGHTING	REVENUE BU FY20 KPIs % WEIGHTING	SUPPORT BU FY20 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	-	-	10-15	Exceeded
Staff engagement	10	10	10	Partially met - Exceeded
Service delivery (internal)	-		5-40	Met - Exceeded
Client satisfaction (external)	10	0-10	0-25	Met - Exceeded
Member outcomes	-	0 - 10	-	Met
Personal				
Leadership	10	10	10	Met - Exceeded
Compliance (and trustee decision making) ²	10	10	10-	Not Met - Met
Strategy, EQT public profile and reputation, M&A, partnerships, projects etc	10	-	-	Exceeded
	100	100	100	

¹An acceptable result for PBT (allowing for all non-operating expenses) is a gate to eligibility for a short-term performance incentive.

²An 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 and Board Audit Committees) and the Board considered and approved these incentives. The outcome of each assessment is set out below:

EXECUTIVES	2020 TEC \$	2020 STI OPPORTUNITY \$	2020 STI AWARDED \$	PERCENTAGE OF OPPORTUNITY AWARDED %
M O'Brien	750,000	450,000	255,000	57
M Blair	352,000	176,000	110,000	63
P Gentry	445,000	222,500	110,000	49
H Kalman	440,000	264,000	-	-
S Redenbach	310,000	124,000	90,000	73
I Westley	400,000	240,000	160,000	67
O Brailsford	325,000	97,500	57,500	59



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 FY20 as determined by the Remuneration Committee, approved by the Board and communicated to shareholders in this Annual Report.

KEY TERMS AND CONDITIONS (FY20)

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(s) and vesting schedule for the LTI series ending 30 June 2020, as well as the current active series:

TERMS OF AWARD			
SERIES (YEAR OF AWARD)	BASIS OF MEASUREMENT	HURDLE	VESTING SCHEDULE
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 & Europe) (25% weighting for Executive General Manager, Corporate Trustee Services)	60% Forecast 60% to 90% Forecast >90% Forecast	50% Pro Rata 100%
2019/20	EPS	5% 5% to 12% p.a >12% p.a	25% Pro Rata 100%
	EBIT (UK & Europe) (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.
- The Board have absolute and unfettered discretion under the Plan, including in a change of control situation.

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 2020	GRANT DATE	EXPIRY DATE	EXERCISE PRICE \$	FAIR VALUE AT GRANT DATE \$	MAXIMUM POTENTIAL ACCOUNTING VALUE OF GRANT ¹ \$
2019/20 Series EPS (MD only)	16,562	25/10/2019	30/06/22	Nil	28.22	467,380
2019/20 Series EPS (Executives)	38,937	2/10/2019	30/06/22	Nil	26.73	1,040,786
2019/20 Series EBIT (EGM CTS only)	2,429	2/10/2019	30/06/22	Nil	26.73	64,927
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	30/06/20	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
Totals	210,785					4,325,267

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



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

	BALANCE OF AWARDS AT 1 JULY 2019	AWARDS GRANTED AS COMPENSATION	AWARDS EXERCISED INTO SHARES	AWARDS FORFEITED	BALANCE OF AWARDS AT 30 JUNE 2020	AWARDS VESTED & EXERCISABLE (EXCLUDING THOSE ALREADY EXERCISED)	BALANCE OF AWARDS NOT VESTED AT 30 JUNE 2020 ¹	VESTED DURING 2020 YEAR
2020	NO.	NO.	NO.	NO.	NO.	NO.	NO.	NO.
M O'Brien	71,463	16,562	25,288	4,605	58,132	19,630	38,502	19,630
M Blair	17,164	6,477	-	2,632	21,009	4,292	16,717	4,292
P Gentry	37,164	8,189	13,766	4,769	26,818	7,781	19,037	7,781
H Kalman	44,889	9,716	17,131	9,350	28,124	5,537	22,587	5,537
S Redenbach	15,851	4,563	-	2,281	18,133	3,720	14,413	3,720
I Westley	28,511	8,833	-	4,868	32,476	7,942	24,534	7,942
O Brailsford	-	3,588	-	-	3,588	-	3,588	-
Totals	215,042	57,928	56,185	28,505	188,280	48,902	139,378	48,902

¹The balance of Awards not vested at 30 June 2020 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 2018	AWARDS GRANTED AS COMPENSATION	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.
M O'Brien	49,523	21,940	-	-	71,463	25,288	46,175	25,288
M Blair	6,924	10,240	-	-	17,164	2,000	15,164	2,000
P Gentry	26,316	10,848	-	-	37,164	13,766	23,398	13,766
H Kalman	32,018	12,871	-	-	44,889	17,131	27,758	17,131
S Redenbach	6,001	9,850	-	-	15,851	2,000	13,851	2,000
I Westley	12,810	15,701	-	-	28,511	2,000	26,511	2,000
Totals	133,592	81,450	-	-	215,042	62,185	152,857	62,185

¹The 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.



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 JUL 2019	RECEIVED ON EXERCISE OF SHARE RIGHT	NET OTHER CHANGE ¹	BALANCE AT 30 JUN 2020
DIRECTORS	NO	NO.	NO.	NO.
J Kennett	54,273	-	6,310	60,583
A Williams	8,106	-	482	8,588
A O'Donnell	11,530	-	604	12,134
K Eley	122,188	-	2,366	124,554
DG Sedgwick	13,214	-	1,786	15,000
J Minto	10,564	-	629	11,193
T Hammon	2,064	-	252	2,316
C Robson	-	-	4,250	4,250
C Schwartz	-	-	-	-
M O'Brien	25,587	25,288	166	51,041
EXECUTIVES				
M Blair	1,056	-	4,000	5,056
P Gentry	2,196	13,766	(4,422)	11,540
H Kalman	26,647	17,131	-	43,778
S Redenbach	390	-	4,189	4,579
I Westley	1,290	-	4,000	5,290
O Brailsford	47	-	174	221
Totals	279,152	56,185	28,786	360,123

¹: Net Other Change refers to additions or reductions in shareholdings.

There were no shares granted during the 2020 financial year as compensation, other than as disclosed in footnote 4 of the Summary – Executive Remuneration table on page 35.



	BALANCE AT 1 JUL 2018	RECEIVED ON EXERCISE OF SHARE RIGHT	NET OTHER CHANGE ¹	BALANCE AT 30 JUN 2019
DIRECTORS	NO	NO.	NO.	NO.
J Kennett	51,729	-	2,544	54,273
A Williams	7,621	-	485	8,106
A O'Donnell	10,927	-	603	11,530
K Eley	115,524	-	6,664	122,188
DG Sedgwick	11,920	-	1,294	13,214
J Minto	10,191	-	373	10,564
T Hammon	-	-	2,064	2,064
M O'Brien	23,118	-	2,469	25,587
EXECUTIVES				
M Blair	1,056	-	-	1,056
P Gentry	2,121	-	75	2,196
H Kalman	26,647	-	-	26,647
S Redenbach	139	-	251	390
I Westley	1,290	-	-	1,290
O Brailsford	-	-	47	47
Totals	262,283	-	16,869	279,152

¹: Net Other Change refers to additions or reductions in shareholdings.



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 33 to the Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 48 of the Financial Report.

On behalf of the Directors

The Hon. Jeffrey G Kennett AC

Chairman

Dated 19 August 2020



Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins 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

19 August 2020

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 2020, 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

Mark Stretton
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



DIRECTORS' DECLARATION

EQT Holdings Limited

ABN 22 607 797 615

DIRECTORS' DECLARATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 32 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 19 August 2020



FINANCIAL REPORT

**FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2020**



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	NOTE	2020 \$'000	2019 \$'000
Revenue and other income	1	95,430	92,499
Expenses	2	(58,749)	(56,386)
Finance costs		(1,026)	(829)
Depreciation and amortisation	7, 9	(5,342)	(3,948)
Profit before income tax expense		30,313	31,336
Income tax expense	4	(11,826)	(9,967)
Profit for the year		18,487	21,369
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign exchange translation differences for foreign operations		111	76
Total comprehensive income for the year		18,598	21,445
Profit for the year attributable to:			
Equity holders of the Company		19,212	22,194
Non-controlling interests		(725)	(825)
Profit for the year		18,487	21,369
Total comprehensive income attributable to:			
Equity holders of the Company		19,286	22,270
Non-controlling interests		(688)	(825)
Total comprehensive income for the year		18,598	21,445
Earnings per share			
Basic (cents per share)	5	92.95	108.61
Diluted (cents per share)	5	92.58	107.85

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 2020

	NOTE	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	18	84,738	54,434
Trade and other receivables	19	15,760	11,719
Prepayments		2,407	1,753
Accrued income		9,153	8,586
Other financial assets	20	5,000	15,257
Total current assets		117,058	91,749
Non-current assets			
Trade and other receivables	19	198	108
Furniture, equipment and leasehold	9	6,010	6,725
Deferred tax assets	4	4,256	3,658
Right-of-use assets	10	6,799	-
Intangible assets	7	80,772	83,383
Goodwill	8	127,573	127,586
Total non-current assets		225,608	221,460
Total assets		342,666	313,209
Current liabilities			
Trade and other payables	21	3,008	1,661
Provisions	11	6,616	6,615
Other current liabilities	12	2,417	679
Current tax payable	4	1,710	1,856
Total current liabilities		13,751	10,811
Non-current liabilities			
Provisions	11	3,110	2,769
Borrowings	14	29,000	12,000
Other non-current liabilities	12	7,990	2,672
Deferred tax liabilities	4	21,457	21,665
Total non-current liabilities		61,557	39,106
Total liabilities		75,308	49,917
Net assets		267,358	263,292
Equity			
Issued capital	15	248,862	242,981
Reserves	16	1,949	2,907
Retained earnings		18,009	18,299
Equity attributable to owners of the Company		268,820	264,187
Non-controlling interest		(1,462)	(895)
Total equity		267,358	263,292

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 2020

	FULLY PAID ORDINARY SHARES	RETAINED EARNINGS	OTHER RESERVES	CURRENCY TRANSLATION	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	NON- CONTROLLING INTEREST	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2018	238,633	14,102	1,533	114	254,382	(528)	253,854
Profit/(loss) 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)	-	-	-	-
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 as 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

*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 as at 1 July 2019 - As previously reported	242,981	18,299	2,717	190	264,187	(895)	263,292
Effect of change in accounting policy for initial application of AASB 16 Leases (post tax) (note 34)	-	(188)	-	-	(188)	-	(188)
Balance as at 1 July 2019 - As restated	242,981	18,111	2,717	190	263,999	(895)	263,104
Profit/(loss) for the year	-	19,212	-	-	19,212	(725)	18,487
Foreign exchange translation differences for foreign operations	-	-	-	74	74	37	111
Total comprehensive income for the year	-	19,212	-	74	19,286	(688)	18,598
Foreign exchange translation differences for foreign operations	-	(119)	-	(10)	(129)	121	(8)
Shares issued under employee salary sacrifice share plan	125	-	-	-	125	-	125
Shares issued under dividend reinvestment plan	4,597	-	-	-	4,597	-	4,597
Shares issued under employee share acquisition plan	204	-	(204)	-	-	-	-
Shares issued under executive share scheme	979	-	(979)	-	-	-	-
Share issue costs	(35)	-	-	-	(35)	-	(35)
Related income tax	11	-	-	-	11	-	11
Provision for executive share entitlements	-	-	(64)	-	(64)	-	(64)
Provision for employee share acquisition plan	-	-	225	-	225	-	225
Payment of dividends	-	(19,195)	-	-	(19,195)	-	(19,195)
Balance as at 30 June 2020	248,862	18,009	1,695	254	268,820	(1,462)	267,358

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 2020

	NOTE	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		100,591	101,255
Payments to suppliers and employees		(69,627)	(65,692)
Income tax paid		(12,707)	(12,288)
Net cash provided by operating activities	6	18,257	23,275
Cash flows from investing activities			
Redemption from/(investment in) managed investment schemes		10,168	(8,000)
Interest and managed fund distributions received		935	925
Payment for furniture, equipment, leasehold and right-of-use assets		(641)	(470)
Payment for intangible assets		(653)	(467)
Net cash provided by/(used in) investing activities		9,809	(8,012)
Cash flows from financing activities			
Proceeds from issues of equity securities		1,224	-
Proceeds from/(repayment of) borrowings		17,000	(8,000)
Repayment of lease liabilities		(1,273)	-
Payment for share issue cost		(35)	(28)
Dividend paid to members of the parent entity (net of shares issued under dividend reinvestment plan)		(14,600)	(13,469)
Net cash provided by/(used in) financing activities		2,316	(21,497)
Net increase/(decrease) in cash and cash equivalents		30,382	(6,234)
Cash and cash equivalents at beginning of the financial year		54,434	60,651
Exchange fluctuations on foreign cash balances		(78)	17
Cash and cash equivalents at end of the financial year	18	84,738	54,434

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



NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION	57	15 Issued Capital	83
Impact of COVID-19 on Equity Trustees and these Financial Statements	57	16 Reserves	83
		17 Dividends	84
		Cash And Working Capital	
		18 Cash And Cash Equivalents	84
		19 Trade And Other Receivables	85
		20 Other Financial Assets	86
		21 Current Trade And Other Payables	86
Basis Of Preparation	58	Risk Management	
Critical Accounting Judgments And Key Sources Of Estimation Uncertainty	58	22 Financial Risk Management	86
Performance		Employee Related Disclosures	
1 Revenue and other income	60	23 Key Management Personnel Remuneration	94
2 Expenses	62	24 Employee Benefits	94
3 Segment Performance	63	25 Employees	95
4 Income Taxes	65	Commitments, Contingencies And Subsequent Events	
5 Earnings Per Share	68	26 Commitments For Expenditure	95
6 Notes To The Consolidated Statement Of Cash Flows	69	27 Contingent Liabilities And Assets	95
Operating Assets And Liabilities		28 Subsequent Events	95
7 Intangible Assets	70	Other Disclosures	
8 Goodwill	73	29 Related Party Disclosures	95
9 Furniture, Equipment And Leasehold	75	30 Parent Entity Information	98
10 Leases	77	31 Subsidiaries	99
11 Provisions	79	32 Deed Of Cross Guarantee	101
12 Other Liabilities	80	33 Auditors' Remuneration	103
13 Business Combinations	81	34 New And Amended Accounting Standards	104
Capital Structure			
14 Borrowings	82		



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 Street, Melbourne, Victoria. EQT Holdings Limited and its subsidiaries (refer note 31) are referred to as 'the Group' in the notes to the financial statements. The principal activities of the Group are described in note 3.

IMPACT OF COVID-19 ON EQUITY TRUSTEES AND THESE FINANCIAL STATEMENTS

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. Since that time, the pandemic has had a significant impact on the community, the economy, investment markets, and the operations of our business. These effects have taken place in Australia — where the Group is domiciled, where the majority of its operations are based, and from where the majority of its revenues are derived — and in the Group's other operating locations, Dublin, Ireland and London, United Kingdom.

During the pandemic the Group has continued to fulfil its principal activities as they are described in these financial statements. Revenues have been impacted by equity market volatility in the second half of the financial year, however the Group maintains strong margins, is well capitalised with substantial cash reserves in excess of its regulatory capital requirements, and further credit facilities with a major Australian bank should they be required.

The Group's business continuity plan has been activated, and the majority of our staff are able to continue to perform their jobs from home.

Particular consideration has been given in the preparation of these financial statements, to areas that may be impacted by COVID-19. The two key areas of impact are credit risk on trade debtors and financial assets and assumptions relating to impairment testing for goodwill, indefinite life management rights and customer contract intangibles. These are addressed in the *Critical Accounting Judgments and Key Sources of Estimation Uncertainty* section of these financial statements. Our overall conclusion is that while there is an increased level of uncertainty in the operating environment, the impact of COVID-19 on the operations of the Group has been manageable.

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 19 August 2020.



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. Details of functional currencies within the Group are set out in note 31.

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 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as for value in use calculations per AASB 136 *Impairment of Assets*.

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

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

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

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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



IMPAIRMENT OF GOODWILL, INDEFINITE LIFE MANAGEMENT RIGHTS AND CUSTOMER CONTRACT INTANGIBLES (NOTES 7 & 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.

The Group is required to test impairment annually for goodwill and indefinite life management rights, irrespective of whether indicators of impairment are present. In conducting this testing, it has been noted that the emergence of the COVID-19 pandemic has resulted in an increased level of volatility in investment markets, impacting some of the valuation inputs of the Group's value-in-use impairment model. The Group has critically assessed possible changes in future revenues and costs across the cash-generating units as a result of the COVID-19 pandemic, as well as the growth rates used for these inputs on a longer-term basis. The Group has also considered the increase in market and economic volatility where relevant in selecting the discount rate to be applied for impairment testing, and in the stress testing of the model on an overall basis. The Group has concluded that no impairment is evident at 30 June 2020.

At 30 June 2020 the carrying amount of goodwill is \$127,573,000 and \$79,105,000 for management rights and customer contract intangibles (2019: \$127,586,000 goodwill and \$80,556,000 management rights and customer contract intangibles). No impairment has been identified (2019: nil).

CREDIT RISK OF TRADE RECEIVABLES (NOTE 19) AND FINANCIAL ASSETS (NOTE 22)

Some third parties owing money to the Group may be experiencing more challenging financial circumstances as a result of COVID-19, impacting their ability to settle amounts owing to the Group. The Group has exposure to third parties through trade receivables, and through the carrying value of financial assets held. Trade receivables are held across a well-diversified group of clients consisting of trusts, estates, funds, businesses and private individuals. Financial assets are held in managed schemes, for which a Group entity acts Responsible Entity.

The Group has assessed the carrying value of trade receivables and financial assets, taking into account the possible impacts of COVID-19, and while there has been a modest increase in over-30 and over-60 day trade receivables, management believe that the values recorded in these financial statements remain appropriate.

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

INTANGIBLE ASSETS (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. In the current financial year, the Group has also considered the impact of the COVID-19 pandemic, and the related economic and market volatility, on the useful lives of its intangible assets. The Group has determined that no change to the previously determined useful lives (as set out in note 7) is required (2019: no change).

PROVISIONS (NOTE 11)

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 2020 is \$9,726,000 (2019: \$9,384,000).



PERFORMANCE

1 REVENUE AND OTHER INCOME

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

	2020 \$'000	2019 \$'000
Revenue		
Private client trustee services	42,233	41,867
Superannuation trustee services	14,035	13,104
Corporate trustee services	31,550	30,078
Other services	6,866	6,375
Revenue from service activities	94,684	91,424
Interest and managed fund distributions	840	1,093
	95,524	92,517
Other income		
Recoveries	111	17
Foreign currency gain / (loss)	(205)	(35)
Total revenue and other income	95,430	92,499
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	423	185
Loans and receivables (including cash and bank balances)	417	908
Total investment income for financial assets not designated as at fair value through profit or loss	840	1,093

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.



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 2020.

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 2020 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

	2020 \$'000	2019 \$'000
Salaries and related employee expenses:		
Wages and salaries	38,174	35,159
Post-employment benefits	2,846	2,652
Equity-settled share-based payments	286	1,482
Other employment related expenses	2,192	1,707
Administrative and general expenses:		
Loss on disposal of plant and equipment and software	1	5
Other administrative and general expenses	4,745	4,344
Information technology expenses	4,817	4,280
Occupancy expenses:		
Minimum lease payments (short term and low value leases)	228	1,740
Outgoings and other occupancy expenses	755	863
Legal, consulting and regulatory expenses	2,599	2,204
Audit and tax advice expenses	1,118	1,195
Insurance expenses	988	755
Total expenses	58,749	56,386

Finance costs stated on the face of the profit or loss statement consist of \$274k interest expense from lease liabilities (2019: nil), \$27k interest expense of lease makegood (2019: nil) and \$725k interest expense from borrowings (2019: \$829k).

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.

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, 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, and 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.

	2020 \$'000	2019 \$'000
Segment revenue		
Trustee & Wealth Services		
Private client trustee services	42,233	41,867
Superannuation trustee services	14,035	13,104
Other services	6,866	6,375
	63,134	61,346
Corporate Trustee Services		
Corporate Trustee Services - Australia	30,409	29,363
Corporate Trustee Services -United Kingdom/Ireland	1,141	715
	31,550	30,078
	94,684	91,424
Unallocated	746	1,075
Total revenue and other income per statement of profit or loss	95,430	92,499



The revenue reported above represents revenue generated from external customers. There were no inter-segment sales (2019: nil).

There were no discontinued operations (2019: nil).

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

	2020 \$'000	2019 \$'000
Segment net profit/(loss) before tax		
Trustee & Wealth Services	17,629	18,076
Corporate Trustee Services - Australia	15,719	15,092
Corporate Trustee Services -United Kingdom/Ireland	(3,493)	(2,169)
Corporate Trustee Services	12,226	12,923
	29,855	30,999
Unallocated	458	337
Total net profit before tax per statement of profit or loss	30,313	31,336

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

	2020 \$'000	2019 \$'000
Income tax expense comprises:		
Current income tax expense	9,703	10,384
Provision for disallowed deductions, prior period adjustments and other deferred tax adjustments relating to the origination and reversal of temporary differences	2,123	(417)
Total income tax expense	11,826	9,967
The income tax expense for the year can be reconciled to accounting profit as follows:		
Profit before tax from continuing operations	30,313	31,336
Income tax expense calculated at 30%	9,094	9,400
Effect of different tax rates of subsidiaries operating in other jurisdictions	433	188
Non-deductible expenses	548	688
Non-assessable income	(272)	(304)
	9,803	9,972
Provision for disallowed deductions and prior year tax adjustments	2,023	(5)
Total income tax expense	11,826	9,967

The tax rate used in the above 2020 and 2019 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.

The Group had previously made deductions under the rights to future income rules, relating to an acquisition by the Group in the 2011 financial year. The Group has made a provision for their best estimate of the amount that may be payable. The Group is continuing its discussions with the ATO on this matter.

In 2020 the UK and Irish operations generated a combined loss of \$3,493k (2019: \$2,169k) 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.

	2020 \$'000	2019 \$'000
Income tax expense/(credit) recognised directly in equity:		
Current tax:		
Share issue expenses deductible over 5 years	(7)	(20)
Deferred tax:		
Arising on transactions with equity participants:		
Share issue expenses deductible over 5 years	(4)	12
Total income tax recognised directly in equity	(11)	(8)
Current tax liabilities:		
Income tax payable	1,710	1,856
Deferred tax balances are presented in the statement of financial position as follows:		
Deferred tax assets	4,256	3,658
Deferred tax liabilities	(21,457)	(21,665)



DEFERRED TAX ASSETS	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	OTHER \$'000	CLOSING BALANCE \$'000
2020					
Temporary differences					
Provisions	3,178	(182)	-	-	2,996
Expenditure deductible over 5 years	107	(56)	3	-	54
Furniture, equipment, leasehold and right-of-use assets	(93)	186	-	24	117
Tax losses	466	642	-	(19)	1,089
	3,658	590	3	5	4,256

2019					
Temporary differences					
Provisions	3,196	(18)	-	-	3,178
Expenditure deductible over 5 years	185	(65)	(13)	-	107
Furniture, equipment and leasehold	(285)	192	-	-	(93)
Tax losses	-	466	-	-	466
	3,096	575	(13)	-	3,658

DEFERRED TAX LIABILITIES	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	OTHER \$'000	CLOSING BALANCE \$'000
2020					
Temporary differences					
Intangible assets	(21,665)	208	-	-	(21,457)
	(21,665)	208	-	-	(21,457)
2019					
Temporary differences					
Intangible assets	(21,618)	(47)	-	-	(21,665)
	(21,618)	(47)	-	-	(21,665)

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 31. 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 the 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	2020	2019
	CENTS PER SHARE	CENTS PER SHARE
Basic earnings per share	92.95	108.61
Diluted earnings per share	92.58	107.85

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	2020	2019
	\$'000	\$'000
Net profit after tax attributable to equity holders of the Company	19,212	22,194

	2020	2019
	NO. '000	NO. '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	20,669	20,435
Shares deemed to be issued for no consideration in respect to employee share entitlements	83	144
Weighted average number of ordinary shares for the purposes of diluted earnings per share	20,752	20,579

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

	2020 \$'000	2019 \$'000
Profit for the year	18,487	21,369
Income tax expense recognised in profit and loss	11,826	9,967
Depreciation and amortisation of non-current assets	3,891	2,383
Amortisation of management rights	1,451	1,565
(Profit)/loss on disposal of plant and equipment	1	5
Equity-settled share-based payments	286	1,482
Interest income received and receivable	(840)	(1,093)
Foreign currency (gain)/loss	205	35
	35,307	35,713
Movements in working capital		
(Increase)/decrease in trade and other receivables	(3,892)	997
(Increase)/decrease in other assets	(1,222)	(345)
Increase/(decrease) in trade and other payables	1,103	262
Increase/(decrease) in other provisions	(332)	(1,064)
Cash generated from operations	30,964	35,563
Income taxes paid	(12,707)	(12,288)
Net cash generated by operating activities	18,257	23,275

NON-CASH FINANCING ACTIVITIES

Non-cash financing activity during the year were dividend reinvestments of \$4,597,000 (2019: dividend reinvestments of \$4,070,000 and employee salary sacrifice share issues \$95,000).

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 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
Effect of change in accounting policy for initial application of AASB 16 Leases (note 34)	-	(753)	-	(753)
Additions	412	-	-	412
Balance at 30 June 2020	9,042	-	88,918	97,960
Accumulated amortisation and impairment				
Balance at 1 July 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
Effect of change in accounting policy for initial application of AASB 16 Leases (note 34)	-	(213)	-	(213)
Amortisation expense	1,032	-	1,451	2,483
Balance at 30 June 2020	7,375	-	9,813	17,188
Net book value				
As at 30 June 2019	2,287	540	80,556	83,383
As at 30 June 2020	1,667	-	79,105	80,772

	2020 \$'000	2019 \$'000
Aggregate amortisation recognised as an expense during the year:		
Amortisation of computer software	1,032	1,053
Amortisation of leasehold makegood	-	75
Amortisation of management rights	1,451	1,565
Total amortisation expense	2,483	2,693

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.

	2020 \$'000	2019 \$'000
Indefinite life	73,017	73,018
Fixed life	6,088	7,538
	79,105	80,556

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; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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



INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation (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 and customer contract intangibles	1 - 16 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. 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

	2020 \$'000	2019 \$'000
Cost	127,573	127,586
Accumulated impairment losses	-	-
	127,573	127,586
Balance at beginning of the financial year	127,586	127,561
Amounts recognised during the year	-	-
Effects of foreign currency exchange differences	(13)	25
	127,573	127,586

There are no accumulated impairment losses (2019: nil).

During FY20 the Group assessed the recoverable amount of goodwill and determined that no impairment had occurred (2019: nil).

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

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

	2020 \$'000	2019 \$'000
Corporate Trustee Services	5,510	5,523
Trustee & Wealth Services	122,063	122,063
	127,573	127,586

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 9.47% (2019: 8.84%). Management believes that any reasonably 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 9.47% (2019: 8.84%). Management believes that any reasonably 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.



IMPACT OF COVID-19 ON IMPAIRMENT TESTING

As described in *Critical Judgments and Key Sources of Estimation Uncertainty*, the Group has considered the impacts of the COVID-19 pandemic on its annual impairment testing of goodwill and indefinite life intangible assets.

Specific consideration has been given to:

- The impact of current economic and market conditions associated with COVID-19 on the base year revenues and expenses of the discounted cash flow model (used to determine value-in-use).
- The Group's view of the likely longer-term impacts of the economic and market conditions associated with COVID-19 on revenue and growth rates adopted in the discounted cash flow model.
- For the discount rate, the impact of increased volatility in equity markets, and other changes in the cost of equity and cost of debt.
- Whether it is necessary to further stress test the base-case model in evaluating the sensitivity of the model to possible changes in key assumptions.

The impact of these factors has been overlayed on the Group's discounted cash flow model for the purposes of determining the value in use of the CTS and TWS CGUs in the current period. Notwithstanding these considerations, the Group holds the view that no impairment is evident as at 30 June 2020.

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 \$14,000,000, and TWS of \$28,500,000 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 \$20,200,000, and TWS of \$34,400,000, 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 \$18,200,000, and TWS of \$38,900,000, 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 13) 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 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
Additions	522	61	57	640
Effect of foreign currency exchange differences	-	-	-	-
Disposals	-	(1)	-	(1)
Balance at 30 June 2020	2,496	6,564	1,052	10,112
Accumulated depreciation and impairment				
Balance at 1 July 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
Disposals	-	(1)	-	(1)
Depreciation expense	425	800	130	1,355
Balance at 30 June 2020	1,508	2,159	435	4,102
Net book value				
As at 30 June 2019	891	5,144	690	6,725
As at 30 June 2020	988	4,405	617	6,010

	2020 \$'000	2019 \$'000
Aggregate depreciation recognised as an expense during the year:		
Computer hardware and equipment	425	343
Leasehold improvements	800	771
Office furniture and equipment	130	141
Right-of-use assets (note 10)	1,504	-
Total depreciation expense	2,859	1,255

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, leasehold improvements and right of use assets, 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
Right-of-use assets	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. 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 LEASES

The Group's material lease arrangements relate predominantly to its operating premises throughout Australia and in London, United Kingdom, and Dublin, Ireland.

RIGHT-OF-USE ASSETS

The carrying amount of assets acquired under lease arrangements is as follows:

	RIGHT-OF-USE ASSETS AT COST \$'000
Gross carrying amount	
Balance at 1 July 2018	-
Additions	-
Effect of foreign currency exchange differences	-
Disposals	-
Balance at 30 June 2019	-
Effect of change in accounting policy for initial application of AASB 16 Leases (note 34)	11,483
Additions	550
Effect of foreign currency exchange differences	7
Disposals	-
Balance at 30 June 2020	12,040
Accumulated depreciation and Impairment	
Balance at 1 July 2018	-
Disposals	-
Depreciation expense	-
Balance at 30 June 2019	-
Effect of change in accounting policy for initial application of AASB 16 Leases (note 34)	3,737
Disposals	-
Depreciation expense	1,504
Balance at 30 June 2020	5,241
Net book value	
As at 30 June 2019	-
As at 30 June 2020	6,799

LEASE RELATED LIABILITIES

Liabilities recognised as a result of the Group's lease arrangements are as follows:

	2020 \$'000	2019 \$'000
Current		
Lease related liabilities (note 12)	1,432	-
Non-current		
Lease related liabilities (note 12)	7,955	-
	9,387	-



The following table details the Group's maturities for its lease arrangements.

	LESS THAN 1 MONTH \$'000	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	5+ YEARS
2020					
Interest expense on lease liabilities	113	230	1,089	5,962	1,993
	113	230	1,089	5,962	1,993

Amounts recognised in the profit or loss for leases in the current and prior year are:

	2020 \$'000	2019 \$'000
Depreciation expense on right of use assets	1,504	-
Interest expense on lease liabilities	274	-
Expense relating to short term leases	186	-
Expense relating to leases of low value assets	57	-
	2,021	-

The total cash outflow for leases amounted to \$1,885k (2019: \$1,721k).

Accounting Policy

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as personal computers, office furniture and printing equipment). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented in the consolidated statement of financial position in other current liabilities and other non-current liabilities.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.



The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented separately in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, AASB 16 permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

11 PROVISIONS

	2020 \$'000	2019 \$'000
Current		
Employee benefits (note 24)	5,052	5,191
Other provisions	1,564	1,424
	6,616	6,615
Non-current		
Employee benefits (note 24)	2,259	1,945
Leasehold makegood	851	824
	3,110	2,769



	MAKEGOOD	OTHER PROVISIONS	EMPLOYEE BENEFITS (NOTE 24)	TOTAL
	\$'000	'000	'000	'000
Balance at 1 July 2019	824	1,424	7,136	9,384
Net additional provisions recognised	27	353	3,359	3,739
Decrease arising from payments	-	(213)	(3,184)	(3,397)
Other movements	-	-	-	-
Balance at 30 June 2020	851	1,564	7,311	9,726

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 provisions for annual leave, long service leave and bonuses.

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, it's 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.

12 OTHER LIABILITIES

	2020 \$'000	2019 \$'000
At amortised cost		
Current		
Corpus commission collected but not earned	3	3
Lease related liabilities ¹	1,432	-
Other liabilities	982	676
	2,417	679
Non-current		
Lease related liabilities ¹	7,955	2,637
Corpus commission collected but not earned	35	35
	7,990	2,672

¹The Group has adopted AASB 16 Leases in the current financial year, refer to note 34 for additional information.



13 BUSINESS COMBINATIONS

ACQUISITION OF BUSINESSES

YEAR ENDED 30 JUNE 2020

No acquisitions were made in the year ended 30 June 2020.

YEAR ENDED 30 JUNE 2019

Details of acquisitions made in the year ended 30 June 2019 are available in the 30 June 2019 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

14 BORROWINGS

	2020 \$'000	2019 \$'000
Unsecured, at amortised cost		
Loan from CMLA	9,000	-
Loan from ANZ	20,000	12,000
	29,000	12,000

During the year the Group renewed its existing Australia and New Zealand Banking Group Limited (ANZ) borrowing facilities for a further three years and entered into an additional borrowing facility with Colonial Mutual Life Assurance Society Limited (CMLA). The new facility relates specifically to the Group's superannuation trustee activities, and has a term of five years, and is drawn to \$9m at 30 June 2020.

Loans are drawn down as needed and the drawn tranches bear interest at variable market rates. The weighted average effective interest rate on the drawn down loans is 1.9% per annum (2019: 3.2%).

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2019 \$'000	CASH FLOWS \$'000	NON-CASH CHANGES \$'000	2020 \$'000
Loan from CMLA	-	9,000	-	9,000
Loan from ANZ	12,000	8,000	-	20,000
Total liabilities from financing activities	12,000	17,000	-	29,000



15 ISSUED CAPITAL

	2020 \$'000	2019 \$'000
20,775,755 fully paid ordinary shares (2019: 20,521,906)	248,862	242,981

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.

	2020 NO. '000	2020 \$'000	2019 NO. '000	2019 \$'000
Fully paid ordinary shares				
Balance at beginning of financial year	20,522	242,981	20,344	238,633
Shares issued under employee share scheme	7	204	9	203
Shares issued under executive share scheme	68	979	-	-
Shares issued under employee salary sacrifice	5	125	4	95
Shares issued under dividend reinvestment plan	174	4,597	165	4,070
Share issue costs net of tax	-	(24)	-	(20)
Balance at end of financial year	20,776	248,862	20,522	242,981

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 2020, eligible Executives have share entitlements over 242,054 ordinary shares (2019: 215,042), in aggregate. Further details of the Plan are contained in the Remuneration Report within the Directors' Report.

16 RESERVES

	EMPLOYEE EQUITY- SETTLED BENEFITS RESERVE \$'000	CAPITAL RESERVE \$'000	CURRENCY TRANSLATION \$'000	TOTAL \$'000
Balance at 1 July 2019	2,367	350	190	2,907
Shares issued	(1,183)	-	-	(1,183)
Movement in reserve	161	-	64	225
Balance at 30 June 2020	1,345	350	254	1,949

EMPLOYEE EQUITY-SETTLED BENEFITS RESERVE

The employee equity-settled benefits reserve arises on the granting of share entitlements to eligible employees under the EQT Holdings Limited Executive Performance Share Plan 1999 (the Plan — refer to the Remuneration Report in the Directors' Report for details) 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 \$251,000 provided for ESAP in 2020 (2019: \$230,000). 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 this reserve during the 2021 financial year.



17 DIVIDENDS

FULLY PAID ORDINARY SHARES	DATE OF PAYMENT	CENTS PER SHARE	TOTAL \$'000
Recognised amounts			
2020			
Interim 2020 dividend (fully franked)	30 March 2020	47	9,720
2019			
Interim 2019 dividend (fully franked)	28 March 2019	44	8,994
Final 2019 dividend (fully franked)	9 October 2019	46	9,441
Unrecognised amounts			
2020			
Final 2020 dividend (fully franked)	8 October 2020	43	8,934

	2020 \$'000	2019 \$'000
Franking account balance at 1 July	9,335	4,568
Tax paid	12,707	12,285
Franking credits received	-	-
Franking credits attached to interim and final dividends	(8,227)	(7,518)
Franking account balance at 30 June	13,815	9,335
Franking credits that will arise from income tax payable at reporting date	2,494	2,640
Franking credits to be attached to dividends declared but not recognised	(3,829)	(4,046)
Adjusted franking account balance	12,480	7,929

CASH AND WORKING CAPITAL

18 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:

	2020 \$'000	2019 \$'000
Cash and cash equivalents	84,738	54,434

Accounting Policies

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



19 TRADE AND OTHER RECEIVABLES

	2020 \$'000	2019 \$'000
Current		
Trade receivables	6,306	5,061
Loss allowance on trade receivables	(37)	(39)
Other receivables	9,491	6,697
	15,760	11,719
Non-current		
Other receivables	198	108
	198	108
Trade receivables- ageing of past due receivables		
Under 30 days	9	457
30-60 days	647	124
Over 60 days	345	161
	1,001	742

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.

	2020 \$'000	2019 \$'000
Movement in the allowance for doubtful debts		
Balance at beginning of the year	(39)	(24)
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement (collectively assessed)	(19)	(24)
Amounts written off (individually assessed)	4	9
Amounts subsequently recovered (individually assessed)	17	-
Balance at end of year	(37)	(39)

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 expected credit loss (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 22.



20 OTHER FINANCIAL ASSETS

	2020 \$'000	2019 \$'000
<i>Classified as at fair value through profit or loss (FVTPL):</i>		
Managed investment schemes	5,000	15,257
	5,000	15,257

As at 30 June 2020 the Group held investments in the EQT Wholesale Mortgage Income Fund, which is managed by the Group (2019: \$7,527,000 in Mutual (Cash) Common Fund M1 and \$8,000,000 in EQT Wholesale Mortgage Income Fund. Both funds are managed by the Group). The investments are held to allow the Group to obtain a reasonable rate of return on excess cash held for regulatory capital requirements.

21 CURRENT TRADE AND OTHER PAYABLES

	2020 \$'000	2019 \$'000
Trade payables	695	429
Goods and services tax payable	913	363
Other	1,400	869
	3,008	1,661

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

22 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 prudent 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 UK 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 FY20, and its regulatory financial requirements and debt covenants throughout FY19.

For the 2020 financial year, the Licenced Entities are required to maintain minimum levels of capital in accordance with the conditions that apply 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 2020, the gearing percentage (debt to equity) was 10.8% (2019: 4.6% 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, prudent management of resources, dividend policy, market conditions, changing regulatory requirements in relation to its regulatory licences, and achieving shareholder returns.

IMPACT OF COVID-19 ON CAPITAL RISK MANAGEMENT

The Group has taken further steps to solidify its capital and liquidity position during FY20 in response to the COVID-19 pandemic. These include maintaining higher than average cash balances (in excess of regulatory capital requirements), a greater emphasis on working capital management, and follow up of debtors. The Group's cash holdings are diversified amongst local and international banks, and the Group has reduced its exposure to managed funds. Other activities, such as monitoring of capital requirements, bank covenants and other obligations, continue to be performed regularly.

b) Categories of financial instruments

	2020 \$'000	2019 \$'000
Financial assets		
Cash and cash equivalents	84,738	54,434
At amortised cost - trade receivables	6,269	5,022
At fair value through profit or loss (FVTPL) – managed funds	5,000	15,257
	96,007	74,713
Financial liabilities		
At amortised cost - trade payables	695	429
At amortised cost - borrowings	29,000	12,000
	29,695	12,429

During the 2020 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 (2019: nil). No financial assets have been pledged as collateral for either liabilities or contingent liabilities (2019: nil). No assets are held as collateral (2019: nil).

(c) Financial risk management objectives

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

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. Boards of Group subsidiary companies also escalate issues to the Group Board as required.



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 relatively low level of risk.

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

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

(d)(i) Interest rate risk management

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

INTEREST RATE SENSITIVITY ANALYSIS

A sensitivity analysis in relation to the Group's exposure to interest rate movements is set out below. Management have assessed the reasonably possible change in interest rates to be plus/minus 15 basis points for 2020 (2019: plus/minus 100 basis points) based on a review of market conditions. This assumes both long and short-term interest rates will have the same basis point movement.

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

	CARRYING AMOUNT AT 30 JUNE 2020 \$'000	INTEREST RATE RISK			
		-0.15% PROFIT \$'000	EQUITY \$'000	+0.15% PROFIT \$'000	EQUITY \$'000
Cash and cash equivalents	84,738	(127)	-	127	-
At amortised cost - borrowings	(29,000)	44	-	(44)	-
At FVTPL – managed funds	5,000	(8)	-	8	-
	60,738	(91)	-	91	-



	CARRYING AMOUNT AT 30 JUNE 2019 \$'000	-1% PROFIT \$'000	EQUITY \$'000	INTEREST RATE RISK +1% 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	-

(d)(ii) Currency risk

The Group is exposed to currency risk arising from its UK and Irish based subsidiaries (note 31). 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; and
- fluctuations in the fair value of financial assets and liabilities held by the Group's UK based subsidiaries.

Currency risk also arises on intercompany loans and receivables owing between the Australian Group and 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 have assessed the reasonably possible change in foreign exchange rates to be plus/minus 10% for 2020 (2019: 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 2020 \$'000	-10% PROFIT \$'000	EQUITY \$'000	+10% PROFIT \$'000	EQUITY \$'000
Cash and cash equivalents	2,244	-	(224)	-	224
Trade receivables	341	-	(34)	-	34
Trade payables	(303)	-	30	-	(30)
	2,282	-	(228)	-	228

	AMOUNT AT 30 JUNE 2019 \$'000	-10% PROFIT \$'000	EQUITY \$'000	+10% PROFIT \$'000	EQUITY \$'000
Cash and cash equivalents	3,322	-	(332)	-	332
Trade receivables	156	-	(16)	-	16
Trade payables	(113)	-	11	-	(11)
	3,365	-	(337)	-	337



(d)(iii) Other price risk management

As outlined in note 29, 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 (2019: nil).

Other than as described above, as at 30 June 2020, the Group had no exposure to other price risk (2019: 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 receivable, and deposits and fixed interest investments with banks, borrowings from banks and investments in managed investment schemes (2019: outstanding accounts receivables, and deposits and fixed interest investments with banks, borrowings from banks and investments in managed investment schemes).

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 receivable 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 (2019: 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 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		FAIR VALUE HIERARCHY	VALUATION TECHNIQUE
	2020 \$'000	2019 \$'000		
EQT Wholesale Mortgage Income Fund	5,000	8,000	Level 2	Daily published prices
Mutual (Cash) Common Fund M1	-	7,257	Level 2	Daily published prices

There were no significant unobservable inputs in relation to the fair value of the EQT Wholesale Mortgage Income Fund in 2020 (2019: no significant unobservable inputs in relation to the fair value of the EQT Wholesale Mortgage Income Fund and the Mutual (Cash) Common Fund M1).



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
2020						
Non-interest bearing -trade creditors	nil	695	-	-	-	-
Borrowings	1.9%	-	-	-	29,000	-
		695	-	-	29,000	-
2019						
Non-interest bearing -trade creditors	nil	429	-	-	-	-
Borrowings	3.2%	-	-	-	12,000	-
		429	-	-	12,000	-

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 (2019: nil). The maximum amount payable under these guarantees is \$1,814,000 (2019: \$1,814,000).

(h) Financing facilities

	2020 \$'000	2019 \$'000
Committed loan facilities		
Amount used	29,000	12,000
Amount unused	20,000	28,000
	49,000	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 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 of payments of principal and interest, are classified as at amortised cost. Financial 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

23 KEY MANAGEMENT PERSONNEL REMUNERATION

	2020 \$'000	2019 \$'000
The aggregate compensation made to key management personnel of the Company and the Group is set out below:		
Short-term employee benefits	4,668	4,612
Post-employment benefits (Superannuation)	244	228
Other long-term benefits	50	43
Share awards	(245)	1,156
	4,717	6,039

Full details of the remuneration of key management personnel for the year ended 30 June 2020 are outlined in the Directors' Report. The share awards of key management personnel for the year ended 30 June 2020 are outlined in the Directors' Report.

24 EMPLOYEE BENEFITS

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

	2020 \$'000	2019 \$'000
Current (note 11)		
Annual leave	2,051	1,843
Long service leave	376	324
Bonus	2,625	3,024
	5,052	5,191
Non-current (note 11)		
Long service leave	2,259	1,945
	7,311	7,136

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.

25 EMPLOYEES

Average number of Group employees for the year was 247 (2019: 250).

COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

26 COMMITMENTS FOR EXPENDITURE

	2020 \$'000	2019 \$'000
Capital expenditure commitments		
Not longer than 1 year	-	-
Plant and equipment		
Not longer than 1 year	-	46

27 CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities (2019: refer to 2019 Annual Report).

There are no contingent assets (2019: nil).

28 SUBSEQUENT EVENTS

Subsequent to 30 June 2020, the Victorian Government declared a State of Disaster in Victoria due to an escalation of the number of active cases of COVID-19. While the declaration of a State of Disaster as resulted in further restrictions being placed on businesses and individuals, including the Group, whose operations are majority-based in Victoria, the Group's business continuity plans have remained in place and the Group has been able to continue operating.

Other than as described above, 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.

OTHER DISCLOSURES

29 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 31 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 23 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 2020 (2019: 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 size of business.

During the year Independent Director Alice Williams was a Director of Defence Health (DH) 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 DH, Ms Williams chaired the investment committee, and in accordance with the DH conflicts management policy, abstained from any investment decisions concerning MIS investment where a subsidiary company acts as responsible entity.

Independent Director Anne O'Donnell is a Director and is on the Investment, Audit and Risk Committee of the Winston Churchill Memorial Trust, which invests in managed investment schemes where a Group subsidiary company acts as responsible entity. The Trust is advised by an independent investment manager. Ms O'Donnell does not participate in investment decisions relating to the managed investment schemes and was not actively involved in the appointment of the subsidiary company as responsible entity to these managed investment schemes.

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 (2019: 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	2020 \$'000	2019 \$'000
Owed to the Company			
Equity Trustees Limited	Subsidiary	4,000	
Equity Trustees Wealth Services Limited	Subsidiary	2,000	-
EQT International Holdings Ltd	Subsidiary	1,520	1,520
Owed by the Company			
EQT Services Pty Ltd	Subsidiary	47	13
HTFS Nominees Pty Ltd (formerly Zurich Australian Superannuation Pty Ltd)	Subsidiary	-	4,000
Equity Trustees Superannuation Limited	Subsidiary	-	86

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 2020 and 30 June 2019, 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.



30 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	2020 \$'000	2019 \$'000
Assets		
Current assets	21,197	12,366
Non-current assets	271,019	264,312
Total assets	292,216	276,648
Liabilities		
Current liabilities	1,428	6,660
Non-current liabilities	29,000	12,000
Total liabilities	30,428	18,660
Net assets	261,788	257,988
Equity		
Issued capital	248,862	242,981
Other reserves	1,310	2,332
Retained earnings	11,616	12,675
Total equity	261,788	257,988
FINANCIAL PERFORMANCE		
Profit for the year	18,135	29,625
Other comprehensive income	-	-
Total comprehensive income	18,135	29,625

CONTINGENT LIABILITIES OF THE PARENT ENTITY

There are no contingent liabilities (2019: refer to 2019 Annual Report).

There are no contingent assets (2019: nil).

COMMITMENTS OF THE PARENT ENTITY

The parent entity has no commitments for capital expenditure (2019: nil).



31 SUBSIDIARIES

NAME OF ENTITY	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP	
			2020	2019
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 Investment Management Limited)	Financial services	Australia	100%	100%
EQT International Holdings (UK) Ltd	Financial services	United Kingdom	100%	100%
Equity Trustees (UK & Europe) Ltd.	Financial services	United Kingdom	76%	76%
Equity Trustees Fund Services Ltd (formerly Treasury Capital Fund Solutions Ltd)	Financial services	United Kingdom	76%	76%
Equity Trustees Fund Services (Ireland) Limited	Financial services	Ireland	76%	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%
HTFS Holdings Pty Ltd	Financial services	Australia	100%	-
HTFS Nominees Pty Ltd (formerly Zurich Australian Superannuation Pty Ltd)	Financial services	Australia	100%	100%
EQT Services Pty Ltd	Corporate services	Australia	100%	100%
EQT Legal Services Pty Ltd	Incorporated legal practice	Australia	100%	100%
Non-trading subsidiaries				
Equity Superannuation Management Pty Ltd	Non-trading	Australia	100%	100%
Equity Superannuation Administration Pty Ltd	Non-trading	Australia	100%	100%
Super.com Pty Ltd	Non-trading	Australia	100%	100%
Super.com.au Pty Limited	Non-trading	Australia	100%	100%
Apex Super Pty Ltd	Non-trading	Australia	100%	100%
Simple Wrap Pty Ltd	Non-trading	Australia	100%	100%

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

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



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

PRINCIPAL ACTIVITY	PLACE OF INCORPORATION AND OPERATION	NUMBER OF SUBSIDIARIES 2020	NUMBER OF SUBSIDIARIES 2019
Holding Company	Australia	1	1
Financial services	Australia, United Kingdom, Ireland	16	15
Corporate services	Australia	1	1
Incorporated legal practice	Australia	1	1
Non-trading	Australia	6	6

FUNCTIONAL CURRENCIES

The functional currencies of Group entities are as follows:

LOCATION	FUNCTIONAL CURRENCY
Australian domiciled entities	Australian Dollar
UK domiciled entities	British Pound
Irish domiciled entities	Euro

SIGNIFICANT RESTRICTIONS

The Company has no significant restrictions (2019: No significant restrictions).

Accounting Policies

BASIS OF CONSOLIDATION

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

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

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

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

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



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

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

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

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

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

32 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	2020	2019
	\$'000	\$'000
Current assets		
Cash and cash equivalents	14,463	7,423
Trade and other receivables	752	213
Prepayments	2,109	1,640
Other financial assets	9,895	5,379
Total current assets	27,219	14,655
Non-current assets		
Other financial assets	5,170	5,713
Intangible assets	-	540
Right-of-use assets	6,291	-
Deferred tax assets	3,210	3,169
Investments in subsidiaries	270,833	265,333
Total non-current assets	285,504	274,755
Total assets	312,723	289,410
Current liabilities		
Trade and other payables	1,190	320
Provisions	6,421	6,250
Other current liabilities	1,347	4,125
Current tax payable	1,334	2,483
Total current liabilities	10,292	13,178
Non-current liabilities		
Provisions	3,110	2,769
Borrowings	29,000	12,000
Other non-current liabilities	7,499	2,638
Total non-current liabilities	39,609	17,407
Total liabilities	49,901	30,585
Net assets	262,822	258,825
Equity		
Issued capital	248,862	242,981
Other reserves	1,310	2,332
Retained earnings	12,650	13,512
Equity attributable to owners of the Company	262,822	258,825
Non-controlling interest	-	-
Total equity	262,822	258,825

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2020	2019
	\$'000	\$'000
Revenue	75,591	84,888
Expenses	(53,741)	(53,273)
Finance costs	(1,005)	(827)
Depreciation and amortisation	(1,358)	(75)
Profit before income tax expense	19,487	30,713
Income tax expense	(967)	(1,039)
Profit for the period	18,520	29,674
Other comprehensive income	18,520	29,674



33 AUDITORS' REMUNERATION

AUDITORS - DELOITTE TOUCHE TOHMATSU	2020 \$'000	2019 \$'000
Corporate entities		
Fees for the audit and review of financial statements		
Group	94	87
Subsidiaries	227	216
	321	303
Fees for other assurance services		
Statutory assurance services	49	41
Audit on Internal Controls	44	35
	93	76
Audit & Assurance Services paid to international Deloitte member firms		
Audit and review of financial statements	57	38
Audit and review services in accordance with regulatory requirements	23	23
	80	61
Other services		
Tax compliance services in respect of Group corporate entities	32	27
Tax services relating to uncertain tax positions	-	50
Other	77	94
	109	171
Total remuneration for corporate entities	603	611

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.



34 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 2019 and are relevant for the current year end.

AASB 16 Leases

In the current year, the Group has applied AASB 16 *Leases* for the first time. AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. The impact of the adoption of AASB 16 on the Group's consolidated financial statements is described below.

The date of initial application of AASB 16 for the Group is 1 July 2019.

The Group has applied AASB 16 using the cumulative catch up approach under AASB 16.C5(b), and as such, there is no restatement of the comparative information.

Impact of the new definition of a lease

Former operating leases

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

Applying AASB 16, for all leases (except as noted below), the Group:

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

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

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 *Impairment of Assets*. This replaces the previous requirement in AASB 117 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, office furniture and printing equipment), the Group has opted to recognise the lease expense on a straight-line basis as permitted by AASB 16. Short-term lease expenses are included within lease payments in the profit or loss and leases of low value are included within IT expenses in the profit or loss (note 2).

Former finance leases

The main difference between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by the lessee to a lessor. AASB 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117. This change did not have a material effect on the Group's consolidated financial statements.



Financial impact of the initial application of AASB 16

The table below shows the amount of adjustment for each financial statement line affected by the application of AASB 16 at the date of initial application, 1 July 2019.

	BALANCE AT 1 JULY 2019 (PRE AASB 16) \$'000	RECOGNITION N \$'000	DERECOGNITION N \$'000	BALANCE AT 1 JULY 2019 (RESTATED) \$'000
Assets				
Right-of-use assets - part of furniture, equipment, leasehold and right-of-use assets	-	7,746	-	7,746
Leasehold makegood - part of intangible assets	540	-	(540)	-
Liabilities				
Lease liability - part of other current liabilities	-	(1,239)	-	(1,239)
Lease liability - part of other non-current liabilities	(2,637)	(8,872)	2,637	(8,872)
Deferred tax liabilities	(18,007)	80	-	(17,927)
Equity				
Retained earnings	(18,299)	188	-	(18,111)

After adjusting related amounts previously recorded on the Group's consolidated statement of financial position, this resulted in a reduction to retained earnings of \$188k (post tax).

As permitted by AASB 16, the transition adjustment has been determined by the Group by electing practical expedients to not recognise short-term and low value leases on the Group's consolidated statement of financial position at the date of initial application. Judgment has been applied by the Group in determining the transition adjustment which includes the determination of which contractual arrangements represent a lease, the period over which a lease exists and the incremental borrowing rate.

The table below shows the restatement of the lease liability affected by the application of AASB 16 at the date of initial application.

	\$'000
Lease liability recognised as at 30 June 2019	2,637
Derecognition of lease liabilities recognised at 30 June 2019 (which arose from the straight-line method of accounting for leases previously adopted under AASB 117)	(2,637)
Operating lease commitments disclosed as at 30 June 2019	12,460
(Less): Lease incentive liability as at 30 June 2019	(1,323)
Add: Other adjustments	203
(Less): Short-term leases and leases of low-value assets not recognised under the new Accounting Standard (AASB 16)	(162)
(Less): Impact of discounting the future lease cash flows at the incremental borrowing rate of each lease (weighted average rate of 2.7%)	(1,067)
Lease liability recognised as at 1 July 2019	10,111

AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment

The Group has adopted the amendments to AASB 9 Financial Instruments for the first time in the current year. The amendments clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (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, financial assets with prepayment features with negative compensation do not automatically fail SPPI.



*Features with
Negative
Compensation*

The adoption of the AASB 2017-6 did not have an impact on the Group's consolidated financial statements.

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

The Group has adopted the amendments included in AASB 2018-1 for the first time in the current year. The Standard includes amendments to four Standards:

- *AASB 112 Income Taxes* – The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits
- *AASB 123 Borrowing Costs* – The amendments 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
- *AASB 3 Business Combinations* – The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation
- *AASB 11 Joint Arrangements* – The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its previously held interest in the joint operation.

The application of AASB 2018-1 did not have an 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*

The Group has adopted Interpretation 23 for the first time in the current year. Interpretation 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires the Group to:

- Determine whether uncertain tax positions are assessed separately or as a group
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings
 - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

The application of Interpretation 23 did not have an impact on the Group's consolidated financial statements.



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

The Group elected to early adopt the following new Amendments to Accounting Standards that are otherwise not yet effective in the financial year ended 30 June 2019:

AASB 2018-6 <i>Amendments to Australian Accounting Standards – Definition of a Business</i>	<p>Amends AASB 3 <i>Business Combinations</i> 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.</p> <p>The amendments:</p> <ul style="list-style-type: none"> • 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; and • Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. <p>This Standard applies to annual reporting periods beginning on or after 1 January 2020. The Group elected to early adopt the standard in the financial year ended 30 June 2019. Refer to the financial statements ended 30 June 2019 for further information.</p>
--	--

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 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	1 January 2020	30 June 2021
AASB 2019-1 <i>Amendments to Australian Accounting Standards - References to the Conceptual Framework</i>	1 January 2020	30 June 2021
AASB 2019-5 <i>Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia</i>	1 January 2020	30 June 2021
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	1 January 2022	30 June 2023
AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i>	1 January 2022	30 June 2023
AASB 2020-4 <i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions</i>	1 June 2020	30 June 2021



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 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*; and
- 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 Amendment 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 Amendment will have a material impact on the Group's consolidated financial statements.

AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

Makes amendments to AASB 1054 Australian Additional Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* on the potential effect of an IFRS Standard that has not yet been issued by the AASB. This will ensure that for-profit publicly accountable entities complying with Australian Accounting Standards can assert compliance with IFRS Standards.

This Standard applies to annual periods beginning on or after 1 January 2020, with earlier application permitted.



The Directors of the Company do not anticipate that the application of the Amendment in the future will have an impact on the Group's consolidated financial statements.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

This Standard applies to annual reporting periods beginning on or after 1 January 2022. The Directors of the Company do not anticipate that the application of the Amendment in the future will have an impact on the Group's consolidated financial statements.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments

This Standard amends:

- AASB 1 *First-time Adoption of Australian Accounting Standards* to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- AASB 3 *Business Combinations* to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;
- AASB 9 *Financial Instruments* to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- AASB 116 *Property, Plant and Equipment* to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to specify the costs that an entity includes when assessing whether a contract will be loss-making; and
- AASB 141 *Agriculture* to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

This Standard applies to annual periods beginning on or after 1 January 2022. 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 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions

This Standard amends AASB 16 *Leases* to provide a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

The amendments set out in this Standard apply to entities and financial statements in accordance with the application of AASB 16 set out in AASB 1057 *Application of Australian Accounting Standards*. This Standard applies to annual periods beginning on or after 1 June 2020. This Standard may be applied to annual periods beginning before 1 June 2020.

The Directors of the Company do not anticipate that the application of the Amendment in the future will have an impact on the Group's consolidated financial statements.



Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins 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 2020, the consolidated income statement, 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 2020 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 (including Independence Standards)* (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 Matter

A key audit matter is a matter that, in our professional judgement, is of most significance in our audit of the financial report for the current period. This matter was 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 this matter.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



Deloitte

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Valuation of intangible assets</p> <p>As at 30 June 2020 the Group's Intangible assets including goodwill and management rights represent the largest category of assets with a carrying value totalling \$208m, representing around 62% of the total assets of the Group.</p> <p>As disclosed in Note 8, the intangible assets are allocated across two cash-generating units ("CGUs") which are tested separately for impairment.</p> <p>At 30 June 2020, management had allocated over 90% of the Group's intangible assets to the Trustee and Wealth Services ("TWS") CGU.</p> <p>Management conducts an annual impairment test 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:</p> <ul style="list-style-type: none"> Revenue, expense and terminal growth rates; operating margins; and discount rates. <p>In the current year, management has included the impact of the COVID-19 pandemic on the key inputs and assumptions used in the impairment models.</p>	<p>In conjunction with our valuation specialists, our procedures relating to the intangible assets allocated to the TWS CGU included, but were not limited to:</p> <ul style="list-style-type: none"> challenging managements identification of the CGUs, and the allocation of assets and the associated cash flows to the TWS CGU for the purposes of assessing the recoverable amount; 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 TWS CGU; 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 current economic conditions 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 the Notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Managing Director's Statement and Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the other documents which will be included in the Group's annual report (but does not include the financial report and our auditor's 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 and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

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.
- 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.



Deloitte

- 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, actions taken to eliminate threats or safeguards applied.

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 33 to 46 of the Directors' Report for the year ended 30 June 2020

In our opinion, the Remuneration Report of the Group for the year ended 30 June 2020 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, 19 August 2020



ADDITIONAL SHAREHOLDER INFORMATION

The following information was applicable as at 10 August 2020.

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
Washington H. Soul Pattinson and Company Limited*	14/05/2020	1,461,194	7.03
Pengana Capital Group Ltd	14/05/2020	1,441,588	6.94
Australian Foundation Investment Company Limited	29/04/2016	1,303,232	6.53
Paradice Investment Management Pty Ltd	21/09/2018	1,298,252	6.38

*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 10 August 2020, there were 3,110 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. Voting at the Company's general meetings is now conducted by a poll. 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.

For completeness, if voting were to occur on a show of hands, the constitution provides that 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.

At 10 August 2020, there were share entitlements over 229,193 unissued ordinary shares. There were nine holders of share entitlements. There are no voting rights attached to the unissued ordinary shares.

DISTRIBUTION OF SHARES

SIZE OF HOLDING	NO. OF HOLDERS OF ORDINARY SHARES	%
1 – 1000*	1,794	57.68
1,001 – 5,000	971	31.22
5,001 – 10,000	204	6.56
10,001 – 100,000	123	3.95
100,001 and over	18	0.58
	3,110	100.00

*There were 93 shareholders holding less than a marketable parcel (\$500) of ordinary shares based on the closing market price of \$26.80 at 10 August 2020.



20 LARGEST SECURITY HOLDERS AS AT 10 AUGUST 2020

20 LARGEST SHAREHOLDERS		NO. OF SHARES	%
1.	HSBC Custody Nominees (Australia) Limited	2,385,033	11.48
2.	National Nominees Limited	2,307,854	11.11
3.	BNP Paribas Noms Pty Ltd <DRP>	1,720,258	8.28
4.	J P Morgan Nominees Australia Pty Limited	1,469,262	7.07
5.	Australian Foundation Investment Company Limited	1,321,612	6.36
6.	Citicorp Nominees Pty Limited	1,169,916	5.63
7.	Milton Corporation Limited	593,954	2.86
8.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	556,756	2.68
9.	Mirrabooka Investments Limited	389,357	1.87
10.	HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	344,036	1.66
11.	Superdeck Pty Ltd <D K C & E Groves S/Fund A/C>	281,383	1.35
12.	Amcil Limited	226,824	1.09
13.	BKI Investment Company Limited	195,054	0.94
14.	UBS Nominees Pty Ltd	153,422	0.74
15.	Est Leonard Clive Keyte	151,487	0.73
16.	Equity Nominees Limited <No 2 Account>	131,771	0.63
17.	Mr James Gordon Moffatt	114,965	0.55
18.	KJE Superannuation Pty Ltd <KJE Superannuation S/F A/C>	102,114	0.49
19.	Ms Glenys Ruth Crutch	80,403	0.39
20.	Est Alister John Forsyth	77,690	0.37
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		13,765,276	66.25
Total remaining holders balance		7,011,445	33.75

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 10 August 2020.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

EQT Holdings Limited ABN 22 607 797 615. This document was prepared by EQT Holdings Limited and is only provided for information purposes. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. To the maximum extent permitted by law, EQT Holdings Limited, its affiliates and related bodies corporate, and their respective directors, officers and employees disclaim any liability (including without limitation any liability arising from fault or negligence) for any loss arising from any use of the presentation or its contents or otherwise arising in connection with it. Where forward looking statements have been used in this presentation the information provided is based upon current expectations of future events and is subject to risk, uncertainty and assumptions that could cause actual outcomes to differ from those forecast.

