



**Evans and Partners Pty Ltd  
and its subsidiaries**

**Annual Financial Report**

**30 June 2017**

# Evans and Partners Pty Ltd and its subsidiaries

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# Evans and Partners Pty Ltd and its subsidiaries

## Directors' report

### For the year ended 30 June 2017

The directors present their report together with the consolidated financial statements of the Group comprising of Evans and Partners Pty Ltd (the "Company") and its subsidiaries for the financial year ended 30 June 2017 and the auditor's report thereon.

#### 1. Directors and officers

The directors and officers of the Company at any time during or since the end of the financial year are:

##### *Current directors*

###### **David Evans**

|                              |   |
|------------------------------|---|
| Qualifications:              | Bachelor of Economics (Monash)  |
| Position & responsibilities: | Director and Executive Chairman since 10 May 2007<br>AFSL Responsible Manager   |
| Other directorships:         | Executive Chairman of Evans Dixon Pty Limited, Director of Seven West Media Ltd, Chairman of the Cricket Australia Investment Committee, Board Member of the Victorian Police Corporate Advisory Group, Chairman of Seven West Media Audit & Risk Committee and a member of its Remuneration & Nomination Committee |

David established the Company in May 2007 and since that time he has developed and grown the business to its current position. David has a wealth of experience in the investment banking and stockbroking industry. Since 1990, he has worked in a variety of roles within JBWere & Son ("JBWere") and then the merged entity Goldman Sachs JBWere Pty Ltd ("GSJBW"). For ten years, he was responsible for GSJBW's Private Wealth business and Institutional Equities business. His final role at GSJBW was as Managing Director and Chief of Staff.

###### **Alan Dixon**

|                              |  |
|------------------------------|--|
| Qualifications:              | Bachelor of Commerce (Australian National University)  |
| Position & responsibilities: | Appointed as Director on 1 February 2017   |
| Other directorships:         | Director and Chief Executive Officer of Evans Dixon Pty Limited, Director and Chief Executive Officer of Dixon Advisory USA, Director of Funds in US Masters Residential Property (USA) Fund and US Select Private Opportunities Fund, GP LLC. |

Alan is an expert financial advisor and has spent more than two decades partnering with individuals and corporations alike. Based in New York, Alan is Chief Executive Officer of Evans Dixon Pty Limited and influences the strategic initiatives of more than 600 professionals working with clients in Australia and US. He is also Managing Director and CEO of Dixon Advisory USA, a leader in the US urban single-family home rental business. Prior to relocating to the US, Alan worked as Group Managing Director, alongside his father – founder and Chairman Daryl Dixon – Alan grew the firm to be one of the largest privately-owned wealth management business in Australia, renowned for its supported self-managed super fund service. Alan commenced his career in PricewaterhouseCoopers and became a successful property investment banker at both Ord Minnett (a predecessor firm to JP Morgan) and ABN AMRO Corporate Finance.

## Evans and Partners Pty Ltd and its subsidiaries

### Directors' report

#### For the year ended 30 June 2017

**Paul Ryan FFin**

|                              |   |
|------------------------------|---|
| Qualifications:              | Bachelor of Arts and Law (Hons) (University of Melbourne)   |
| Position & responsibilities: | Executive Director since 1 October 2009<br>Chief Executive Officer since 1 July 2013<br>ASX Responsible Executive<br>AFSL Responsible Manager |
| Other directorships:         | Director of Evans Dixon Pty Limited, Member of the Finance Committee at Queen's College, University of Melbourne                              |

Paul commenced his career as a banking and finance lawyer at Minter Ellison in 1996 before becoming a top-rated research analyst covering the transport and beverages sectors during a decade at Goldman Sachs JBWere. In 2010 Paul attended INSEAD as winner of the Financial Services Institute of Australasia's Hugh D.T. Williamson Scholarship.

Paul is a founding partner of the Company. Prior to his current position as Chief Executive Officer, Paul held the roles of Senior Research Analyst (2008-2009), Head of Research (2010-2013) and Managing Director – Sydney (2011-2012) where he managed a multi-divisional team. He continues to develop the business, in particular Asset Management and Capital Markets, as well as having responsibility for Investment & Risk Management.

**Christopher Brown**

|                              |  |
|------------------------------|--|
| Qualifications:              | Bachelor of Commerce (University of Sydney)<br>Bachelor of Chemical Engineering (Hons) (University of Sydney)  |
| Position & responsibilities: | Appointed as Director on 1 February 2017   |
| Other directorships:         | Director of Evans Dixon Pty Limited, Chief Executive Officer of Dixon Advisory Australia, Director of Funds in the Australian Masters Yield Fund series. |

Chris uses his wealth of experience advising major global, US and Australian companies to oversee senior leaders and influence the strategic direction and operational activities of Dixon Advisory as Managing Director and CEO. He joined the industry in funds management while completing university before moving into investment banking in Australia and the US. It was during this time that he worked on significant and complex corporate transactions, more recently at UBS as an Executive Director within the chemicals, health care, consumer products, media, telecoms, technology, insurance and utilities sectors. He is also an integral member of the Dixon Advisory Investment Committee, contributing his expertise in assessing and executing investment opportunities.

#### **Former directors**

The following directors resigned during the year:

|                         |  |
|-------------------------|--|
| Christopher Bryan       | Director from 17 April 2008 to 1 February 2017   |
| Parrish Davis           | Director from 28 January 2016 to 1 February 2017 |
| Kevin McCann (AM FAICD) | Director from 24 July 2013 to 1 February 2017    |
| Andrew Moir             | Director from 1 June 2014 to 1 February 2017     |
| Dr Michael Saba         | Director from 30 June 2015 to 1 February 2017    |

# Evans and Partners Pty Ltd and its subsidiaries

## Directors' report

### For the year ended 30 June 2017

#### *Company Secretaries*

Parrish Davis  
Simon Barnett

Company secretary since 30 January 2012  
Appointed company secretary on 1 February 2017

#### **2. Officers who were previously partners of the audit firm**

There were no officers of the Company during the financial year that were previously partners of the current audit firm, Pitcher Partners, at a time when Pitcher Partners undertook an audit of the Group or any other time.

#### **3. Principal activities**

The principal activities of the Group during the course of the financial year were the provision of stockbroking and investment advisory services to private and institutional investors, provision of managed discretionary account and investment management services, and advice to corporations on equity and debt capital market transactions.

The Company was incorporated on 10 May 2007 and commenced trading activities in October 2007. It was granted ASX Participant status on 30 April 2009 and Chi-X Participant status on 3 December 2013. There were no other significant changes in the nature of the activities of the Group during the year.

#### **4. Operating and financial review**

2017 was a mixed year in financial markets. The Group's revenue increased 6.2% to \$78,066,990 from \$73,478,240 in 2016. The annuity/flow advice businesses and discretionary product suite saw good growth during the year, offset by a tightening in primary capital markets in the June half. The Group has also continued to invest for the future, which together with significant due-diligence related costs contributed to a decline in profitability. Profit before tax (adjusted for merger expenses) decreased 9.6% to \$10,796,167 from \$11,941,099 in 2016.

During the year ended 30 June 2017, the Group undertook a capital return of \$8,140,597 and subsequently raised \$5,000,000 in new capital from the Parent Entity (2016: \$Nil). The net outcome of decreases in profitability and the capital base saw return on equity increase from 33% in 2016 to 45% in 2017. The Group paid ordinary and special dividends of \$14,832,810 (2016: \$6,876,298) during the year ended 30 June 2017, which were all fully franked.

The Group has maintained a strong balance sheet position, the level of liquid capital available ensures the Group is comfortably exceeding the capital requirements specified by the ASIC Market Integrity Rules.

During the year, the Group has continued to invest heavily in personnel and systems to provide the capacity for further business growth in the coming years. Investments have been focussed on enhancing the research department's capability and coverage, and further supporting back office operations to drive operating efficiencies and comply with ongoing regulatory changes.

In the near term, the Group intends to build on its current position in the market, leveraging its membership of the Evans Dixon Pty Limited group to further develop its product suite and invest in its people through recruitment and professional development.

## Evans and Partners Pty Ltd and its subsidiaries

### Directors' report

#### For the year ended 30 June 2017

##### Significant change in state of affairs

On 1 February 2017, the Group merged with Dixon Advisory Group to become Evans Dixon. Evans Dixon Pty Limited (formerly Laver Place Pty Limited) acquired 100% of the issued shares in Evans and Partners Pty Ltd in exchange for newly issued, fully paid ordinary shares in Evans Dixon Pty Limited. As such Evans Dixon Pty Limited became the ultimate Parent Entity of the Group from 1 February 2017.

Other than the above, in the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

##### 5. Dividends

Dividends paid or declared by the Group to equity holders since the end of the previous financial year were:

|   | Total amount<br>\$ | Franked /<br>unfranked | Date of<br>payment |
|---|--------------------|------------------------|--------------------|
| <b>Declared and paid during the year 2017</b> |                    |                        |                    |
| Special 2016                                  | 4,499,827          | Franked                | 05/08/2016         |
| Final 2016                                    | 3,474,583          | Franked                | 05/10/2016         |
| Special 2017                                  | 6,858,400          | Franked                | 27/01/2017         |
| <b>Total amount</b>                           | <b>14,832,810</b>  |                        |                    |

|  | Total amount<br>\$ | Franked /<br>unfranked | Date of<br>payment |
|--|--------------------|------------------------|--------------------|
| <b>Declared after end of year 2017</b> |                    |                        |                    |
| Dividend to Parent Entity              | 2,500,000          | Unfranked              | 17/07/2017         |
| Dividend to Parent Entity              | 2,000,000          | Unfranked              | 14/09/2017         |
| <b>Total amount</b>                    | <b>4,500,000</b>   |                        |                    |

The financial effect of these dividends has not been brought to account in the consolidated financial statements for the year ended 30 June 2017 and will be recognised in subsequent financial reports.

Franked dividends declared as paid during the year were franked at the rate of 30 percent. Dividends have been dealt with in the financial report as Dividends at Note 15.

##### 6. Events subsequent to reporting date

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

##### 7. Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

# Evans and Partners Pty Ltd and its subsidiaries

## Directors' report

### For the year ended 30 June 2017

#### 8. Indemnification and insurance of officers and auditors

##### Indemnification

The Company has agreed to indemnify the following current and former directors and officers of the Company - David Evans, Alan Dixon, Christopher Brown, Christopher Bryan, Parrish Davis, Kevin McCann, Michael Saba, Andrew Moir and Paul Ryan - against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Under the terms of an agreement entered into on 28 February 2017, the Company has agreed to indemnify certain senior executives for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company, except where the liability arises out of conduct involving a lack of good faith. The individuals in question are the Investment Advisers, their assistants and all other employees that carried on professional services. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal fees.

##### Insurance premiums

In February 2017, the Company renewed a fifteen month insurance policy for a further six months in respect of directors' and officers' liability and legal expenses insurance contracts, for current directors and officers, including senior executives of the Company. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the Company.

Subsequent to reporting date, a policy was taken out for the twelve month period to August 2018.

#### 9. Auditor's independence declaration

The auditor's independence declaration is set out on page 47 and forms part of the directors' report for the financial year ended 30 June 2017.

This report is made with a resolution of the directors



David Evans  
Executive Chairman

Dated at Melbourne this 26<sup>th</sup> day of September 2017

**Evans and Partners Pty Ltd and its subsidiaries**

**Consolidated statement of financial position**

**As at 30 June 2017**

|                                      | <i>Note</i> | <b>2017</b><br><b>\$</b> | <b>2016</b><br><b>\$</b> |
|--------------------------------------|-------------|--------------------------|--------------------------|
| <b>Assets</b>                        |             |                          |                          |
| Cash and cash equivalents            | 14          | 14,328,615               | 23,600,134               |
| Trade and other receivables          | 13          | 10,474,028               | 10,255,568               |
| Current tax assets                   |             | 720,501                  | -                        |
| Other investments                    | 9           | 130,000                  | 1,883,435                |
| <b>Total current assets</b>          |             | <b>25,653,144</b>        | <b>35,739,137</b>        |
| Trade and other receivables          | 13          | 997,516                  | 1,146,195                |
| Property, plant and equipment        | 10          | 2,143,508                | 3,140,340                |
| Deferred tax assets                  | 12          | 1,195,430                | 867,237                  |
| Intangible assets                    | 11          | 636,294                  | 78,471                   |
| <b>Total non-current assets</b>      |             | <b>4,972,748</b>         | <b>5,232,243</b>         |
| <b>Total assets</b>                  |             | <b>30,625,892</b>        | <b>40,971,380</b>        |
| <b>Liabilities</b>                   |             |                          |                          |
| Trade and other payables             | 17          | 2,395,776                | 2,736,878                |
| Current tax liability                |             | -                        | 82,973                   |
| Employee benefits                    | 16          | 13,257,747               | 12,741,148               |
| <b>Total current liabilities</b>     |             | <b>15,653,523</b>        | <b>15,560,999</b>        |
| Employee benefits                    | 16          | 179,443                  | 130,731                  |
| Other liabilities                    | 18          | 699,962                  | 582,861                  |
| <b>Total non-current liabilities</b> |             | <b>879,405</b>           | <b>713,592</b>           |
| <b>Total liabilities</b>             |             | <b>16,532,928</b>        | <b>16,274,591</b>        |
| <b>Net assets</b>                    |             | <b>14,092,964</b>        | <b>24,696,789</b>        |
| <b>Equity</b>                        |             |                          |                          |
| Share capital and settled sum        | 15          | 8,481,056                | 11,621,653               |
| Reserves                             | 15          | -                        | (906,516)                |
| Retained earnings                    | 15          | 5,611,908                | 13,981,652               |
| <b>Total equity</b>                  |             | <b>14,092,964</b>        | <b>24,696,789</b>        |

The notes on pages 11 to 45 are an integral part of these financial statements.



**Evans and Partners Pty Ltd and its subsidiaries**

**Consolidated statement of profit or loss and other comprehensive income**

**For the year ended 30 June 2017**

|   | <i>Note</i> | <b>2017</b><br>\$ | <b>2016</b><br>\$ |
|---|-------------|-------------------|-------------------|
| <b>Continuing operations</b>                                    |             |                   |                   |
| Revenue   | 6           | 78,066,990        | 73,478,240        |
| Trading expenses  |             | (5,169,551)       | (6,011,660)       |
| <b>Gross profit</b>   |             | <b>72,897,439</b> | <b>67,466,580</b> |
| Employee benefits   |             | (47,218,175)      | (42,044,100)      |
| Other personnel expenses  |             | (2,834,104)       | (2,647,868)       |
| Administrative expenses   |             | (2,124,370)       | (2,085,321)       |
| Occupancy expenses  |             | (2,264,220)       | (2,270,072)       |
| Professional fees   |             | (580,565)         | (756,914)         |
| Marketing expenses  |             | (829,625)         | (883,346)         |
| Insurance   |             | (664,125)         | (577,159)         |
| IT and telecommunications                                       |             | (4,675,636)       | (3,912,974)       |
| Loss on disposal of property, plant and equipment               |             | (18,862)          | (81,644)          |
| Depreciation and amortisation                                   |             | (856,515)         | (761,676)         |
| Merger expenses   |             | (1,459,136)       | -                 |
| <b>Results from operating activities</b>                        |             | <b>9,372,106</b>  | <b>11,445,506</b> |
| Finance income  | 7           | 192,023           | 499,092           |
| Finance costs   | 7           | (227,098)         | (3,499)           |
| <b>Net finance income</b>                                       |             | <b>(35,075)</b>   | <b>495,593</b>    |
| <b>Profit before income tax</b>                                 |             | <b>9,337,031</b>  | <b>11,941,099</b> |
| Income tax expense  | 8           | (2,995,537)       | (3,699,061)       |
| <b>Profit for the year</b>                                      |             | <b>6,341,494</b>  | <b>8,242,038</b>  |
| <b>Other comprehensive income</b>                               |             |                   |                   |
| Net change in fair value of available-for-sale financial assets | 15          | -                 | (17)              |
| <b>Other comprehensive income for the year, net of tax</b>      |             | <b>-</b>          | <b>(17)</b>       |
| <b>Total comprehensive income for the year</b>                  |             | <b>6,341,494</b>  | <b>8,242,021</b>  |
| <b>Profit attributable to:</b>                                  |             |                   |                   |
| Owners of the Group   |             | 6,341,494         | 8,242,038         |
| <b>Profit for the year</b>                                      |             | <b>6,341,494</b>  | <b>8,242,038</b>  |
| <b>Total comprehensive income attributable to:</b>              |             |                   |                   |
| Owners of the Group   |             | 6,341,494         | 8,242,021         |
| <b>Total comprehensive income for the year</b>                  |             | <b>6,341,494</b>  | <b>8,242,021</b>  |

The notes on pages 11 to 45 are an integral part of these financial statements.

# Evans and Partners Pty Ltd and its subsidiaries

## Consolidated statement of changes in equity

For the year ended 30 June 2017

|  | Share capital<br>\$ | Settled<br>Sum<br>\$ | Treasury share<br>reserve<br>\$ | Treasury share<br>profits reserve<br>\$ | Retained<br>earnings<br>\$ | Total<br>equity<br>\$ |
|--|---------------------|----------------------|---------------------------------|---|----------------------------|-----------------------|
| Balance at 1 July 2016                                       | 11,621,643          | 10                   | (919,548)                       | 13,032                                  | 13,981,652                 | 24,696,789            |
| <b>Total comprehensive income for the year</b>               |                     |                      |                                 |   |                            |                       |
| Profit or loss   | -                   | -                    | -                               | -                                       | 6,341,494                  | 6,341,494             |
| Total other comprehensive income                             | -                   | -                    | -                               | -                                       | -                          | -                     |
| <b>Total comprehensive income for the year</b>               | -                   | -                    | -                               | -                                       | 6,341,494                  | 6,341,494             |
| <b>Transactions with owners, recorded directly in equity</b> |                     |                      |                                 |   |                            |                       |
| Capital issued   | 5,000,000           | -                    | -                               | -                                       | -                          | 5,000,000             |
| Return of capital  | (8,140,597)         | -                    | -                               | -                                       | -                          | (8,140,597)           |
| Treasury shares acquired                                     | -                   | -                    | (558,600)                       | -                                       | -                          | (558,600)             |
| Treasury shares disposed on allocation                       | -                   | -                    | 1,478,148                       | -                                       | -                          | 1,478,148             |
| Increase in fair value of treasury shares upon allocation    | -                   | -                    | -                               | 92,988                                  | -                          | 92,988                |
| Dividends to equity holders                                  | -                   | -                    | -                               | -                                       | (14,832,810)               | (14,832,810)          |
| Dividends paid on treasury shares                            | -                   | -                    | -                               | -                                       | 214,837                    | 214,837               |
| Distributions to beneficiaries                               | -                   | -                    | -                               | (106,020)                               | (93,265)                   | (199,285)             |
| <b>Total contributions by and distributions to owners</b>    | (3,140,597)         | -                    | 919,548                         | (13,032)                                | (14,711,238)               | (16,945,319)          |
| <b>Balance at 30 June 2017</b>                               | <b>8,481,046</b>    | <b>10</b>            | <b>-</b>                        | <b>-</b>                                | <b>5,611,908</b>           | <b>14,092,964</b>     |

The amounts recognised directly in equity are disclosed net of tax.

The notes on pages 11 to 45 are an integral part of these financial statements.

# Evans and Partners Pty Ltd and its subsidiaries

## Consolidated statement of changes in equity

For the year ended 30 June 2017

|  | Share capital<br>\$ | Settled<br>Sum<br>\$ | Fair value<br>reserve<br>\$ | Treasury<br>share reserve<br>\$ | Treasury share<br>profits reserve<br>\$ | Retained<br>earnings<br>\$ | Total equity<br>\$ |
|--|---------------------|----------------------|-----------------------------|---------------------------------|---|----------------------------|--------------------|
| Balance at 1 July 2015   | 11,621,643          | 10                   | 17                          | (83,622)                        | -                                       | 12,601,422                 | 24,139,470         |
| <b>Total comprehensive income for the year</b>                   |                     |                      |                             |                                 |   |                            |                    |
| Profit or loss   | -                   | -                    | -                           | -                               | -                                       | 8,242,038                  | 8,242,038          |
| Net change in fair value of available-for-sale financial assets* | -                   | -                    | (17)                        | -                               | -                                       | -                          | (17)               |
| Total other comprehensive income                                 | -                   | -                    | (17)                        | -                               | -                                       | -                          | (17)               |
| <b>Total comprehensive income for the year</b>                   | -                   | -                    | (17)                        | -                               | -                                       | 8,242,038                  | 8,242,021          |
| <b>Transactions with owners, recorded directly in equity</b>     |                     |                      |                             |                                 |   |                            |                    |
| <i>Contributions by and distributions to owners</i>              |                     |                      |                             |                                 |   |                            |                    |
| Treasury shares acquired   | -                   | -                    | -                           | (2,472,153)                     | -                                       | -                          | (2,472,153)        |
| Treasury shares disposed on allocation                           | -                   | -                    | -                           | 1,636,227                       | -                                       | -                          | 1,636,227          |
| Increase in fair value of treasury shares upon allocation        | -                   | -                    | -                           | -                               | 13,032                                  | -                          | 13,032             |
| Dividends to equity holders                                      | -                   | -                    | -                           | -                               | -                                       | (6,876,298)                | (6,876,298)        |
| Dividends paid on treasury shares                                | -                   | -                    | -                           | -                               | -                                       | 14,490                     | 14,490             |
| <b>Total contributions by and distributions to owners</b>        | -                   | -                    | -                           | (835,926)                       | 13,032                                  | (6,861,808)                | (7,684,702)        |
| <b>Balance at 30 June 2016</b>                                   | <b>11,621,643</b>   | <b>10</b>            | <b>-</b>                    | <b>(919,548)</b>                | <b>13,032</b>                           | <b>13,981,652</b>          | <b>24,696,789</b>  |

\*The amounts recognised directly in equity are disclosed net of tax

The notes on pages 11 to 45 are an integral part of these financial statements.

**Evans and Partners Pty Ltd and its subsidiaries**

**Consolidated statement of cash flows**

**For the year ended 30 June 2017**

|   | <b>Note</b> | <b>2017</b><br><b>\$</b> | <b>2016</b><br><b>\$</b> |
|---|-------------|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>                 |             |                          |                          |
| Cash receipts from customers                                |             | 85,691,460               | 79,163,043               |
| Cash paid to suppliers and employees                        |             | (75,177,910)             | (65,944,094)             |
| Cash generated from operating activities                    |             | 10,513,550               | 13,218,949               |
| Interest paid   |             | (204,772)                | (3,499)                  |
| Taxes paid  |             | (4,129,508)              | (4,898,178)              |
| <b>Net cash from operating activities</b>                   | <b>14</b>   | <b>6,179,270</b>         | <b>8,317,272</b>         |
| <b>Cash flows from investing activities</b>                 |             |                          |                          |
| Interest received   |             | 215,429                  | 453,408                  |
| Dividends received  |             | 424                      | 5,093                    |
| Proceeds from the sale property, plant & equipment          |             | -                        | 4,835                    |
| Proceeds from sales of investments                          |             | 63,690,406               | 136,648,418              |
| Acquisition of investments                                  |             | (61,930,036)             | (136,889,478)            |
| Acquisition of property, plant and equipment                | 10          | (208,812)                | (1,517,352)              |
| Acquisition of intangible assets                            | 11          | (272,881)                | (59,471)                 |
| <b>Net cash provided by/(used in) investing activities</b>  |             | <b>1,494,530</b>         | <b>(1,354,547)</b>       |
| <b>Cash flows from financing activities</b>                 |             |                          |                          |
| Proceeds from issue of share capital                        | 15          | 5,000,000                | -                        |
| Payment of return of capital                                | 15          | (8,140,597)              | -                        |
| Proceeds from borrowings                                    |             | 5,000,000                | -                        |
| Repayment of borrowings                                     |             | (5,000,000)              | -                        |
| Dividends paid  | 15          | (14,617,973)             | (6,861,808)              |
| Distributions paid  | 15          | (199,285)                | -                        |
| Acquisition of treasury shares                              | 15          | (558,600)                | (2,472,153)              |
| Proceeds from the allocation of treasury shares             | 15          | 1,571,136                | 1,649,259                |
| <b>Net cash used in financing activities</b>                |             | <b>(16,945,319)</b>      | <b>(7,684,702)</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |             | <b>(9,271,519)</b>       | <b>(721,977)</b>         |
| Cash and cash equivalents at 1 July                         |             | 23,600,134               | 24,322,111               |
| <b>Cash and cash equivalents at 30 June</b>                 | <b>14</b>   | <b>14,328,615</b>        | <b>23,600,134</b>        |

The notes on pages 11 to 45 are an integral part of these financial statements.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 1 Reporting entity

Evans and Partners Pty Ltd (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Mayfair Building, 171 Collins Street, Melbourne 3000. The consolidated financial statements of the Group for the year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as the 'Group entities').

The Company is a for-profit entity and is primarily involved in stockbroking and investment advisory services to private and institutional investors, provision of managed discretionary account services and advice to corporations on equity and debt capital market transactions.

### 2 Basis of preparation

#### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised by the Board of Directors on 26<sup>th</sup> September 2017.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets that are measured at fair value.

#### (c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency.

#### (d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 3(c) - valuation of financial instruments
- note 3(e) - intangible assets
- note 3(h) - employee benefits
- note 3(i) - provisions

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements and have been applied consistently by the Group.

Certain comparative amounts in the statement of financial position and notes to the financial statements have been reclassified or re-represented as a result of a change in classification of certain property, plant and equipment (see Note 10).

#### (a) Basis of consolidation

##### (i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (ii) Subsidiaries

Subsidiaries are entities that are either controlled by the Group, either through direct ownership or through a de facto relationship. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

An entity is a de facto agent when the investor has, or those that direct the activities of the investor have, the ability to direct the entity to act on the investor's behalf. In these circumstances, the investor shall consider its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns through the de facto agent together with its own when assessing control of an investee.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 3 Significant accounting policies (continued)

#### (a) Basis of consolidation (continued)

##### (iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

##### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

#### (c) Financial instruments

##### (i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

## Evans and Partners Pty Ltd and its subsidiaries

### Notes to the financial statements

#### 3 Significant accounting policies (continued)

##### (c) Financial instruments (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: held-to-maturity financial assets, loans and receivables, cash and cash equivalents and available-for-sale financial assets.

##### *Held-to-maturity financial assets*

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise term deposits.

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and at-call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories of financial assets.

Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(g)(i)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Available-for-sale financial assets comprise listed debt and equity securities.



# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 3 Significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### (ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade and other payables and borrowings.

##### (iii) Share capital

###### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

###### *Non-share equity units*

Non-share equity units are classified as equity. Incremental costs directly attributable to the issue of non-share equity units are recognised as a deduction from equity, net of any tax effects. Non-share equity units are issued at the discretion of the Board of Directors at the fair value at grant date.

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

## Evans and Partners Pty Ltd and its subsidiaries

### Notes to the financial statements

#### 3 Significant accounting policies (continued)

##### (d) Property, plant and equipment (continued)

###### (ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

###### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line and/or diminishing basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years are as follows:

|                          | 2017          | 2016          |
|--------------------------|---------------|---------------|
| • fixtures and fittings  | 5 - 10 years  | 5 - 10 years  |
| • office equipment       | 5 - 20 years  | 5 - 20 years  |
| • computer equipment     | 4 - 8 years   | 4 - 8 years   |
| • leasehold improvements | 10 - 80 years | 10 - 80 years |
| • artwork                | unlimited     | unlimited     |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### (e) Intangible assets

###### (i) Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses.

###### (ii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

|   | 2017    | 2016    |
|---|---------|---------|
| • website and application development costs | 4 years | 4 years |
| • software development costs                | 4 years | 4 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## Evans and Partners Pty Ltd and its subsidiaries

### Notes to the financial statements

#### 3 Significant accounting policies (continued)

(f) Leased assets

All leases entered into by the Group are operating leases.

(g) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

*Financial assets at amortised cost*

The Group considers evidence of impairment for loans and receivables and held-to-maturity financial assets at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity financial assets are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity financial assets that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity financial assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss

## Evans and Partners Pty Ltd and its subsidiaries

### Notes to the financial statements

#### 3 Significant accounting policies (continued)

##### (g) Impairment (continued)

###### *Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt or equity security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale debt or equity security is recognised in other comprehensive income.

##### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets and property, plant and equipment that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

As at balance date, the Group does not carry any intangible assets, or property plant and equipment which have been impaired.

##### (h) Employee benefits

###### (i) Post-employment benefits

Post-employment benefits are superannuation contributions which the Group pays to the employees' nominated superannuation fund and the Group has no legal or constructive obligation to pay further amounts. Superannuation contributions are recognised as an employee benefit in profit or loss in the periods during which services are rendered by employees.

###### (ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined contribution plans is the amount of future benefit that employees have earned in return for their services in the current and prior periods plus related costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 3 Significant accounting policies (continued)

#### (h) Employee benefits (continued)

##### (iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### (j) Revenue

##### (i) Services

Revenue from services rendered is recognised in profit or loss upon performance of the relevant services to clients.

##### (ii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission earned by the Group.

#### (k) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 3 Significant accounting policies (continued)

#### (l) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on disposal of available-for-sale financial assets, and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

#### (m) Taxation

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

On 1 February 2017, the Group joined the Evans Dixon Pty Limited income tax consolidated group. From this date any tax liabilities payable to the Australian Taxation Office (ATO) as a result of the operations of the Group are borne by the Parent Entity, Evans Dixon Pty Limited.

The Group has adopted the stand-alone taxpayer approach for the recognition and measurement of current and deferred tax, which assumes that the Group continues to be a taxpayer in its own right.

##### (i) Current tax

Current tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax assets arising from the period before 1 February 2017 represent amounts receivable directly from the ATO. Current tax assets arising from the period 1 February 2017 to balance date represent amounts receivable from the Parent Entity.

##### (ii) Deferred tax

Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 3 Significant accounting policies (continued)

#### (m) Taxation (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (n) Goods and services tax

On 1 February 2017, the Group joined the Evans Dixon Pty Limited goods and services tax (GST) consolidated group. From this date any GST liabilities payable to the Australian Taxation Office (ATO) as a result of the operations of the Group are borne by the Parent Entity, Evans Dixon Pty Limited.

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Parent Entity is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Parent Entity are classified as operating cash flows.

#### (o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group, except for AASB9 *Financial Instruments* which becomes mandatory for the Group's 2019 financial statements and could change the classification and measurement of financial assets, and AASB15 *Revenue from contracts with customers* which becomes mandatory for the Group's 2019 financial statements and could change the timing and amount of revenue recorded in the financial statements as well as additional disclosures, and AASB16 *Leases* which becomes mandatory for the Group's 2020 financial statements and could change the classification and measurement. The Group does not plan to adopt these standards early and the extent of the impact has not been determined.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### (a) Equity and debt securities

The fair value of listed equity and debt securities is determined by reference to their quoted closing bid price at the reporting date.

#### (b) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

### 5 Financial risk management

#### (a) Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for ensuring the Group's business is conducted in accordance with ASX and Chi-X, *Corporations Act 2001* and other relevant regulatory obligations. The Group's risk management framework is documented in the Management Plan which sets out the roles and responsibilities of key personnel and establishes a committee structure for the delegation, supervision and accountabilities for day-to-day risk management functions. The Management Plan is supported by a suite of comprehensive policies and procedures relevant to all areas of the Group's operations to ensure that there is sufficient mitigation of risks faced by the Group.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.



## Evans and Partners Pty Ltd and its subsidiaries

### Notes to the financial statements

#### 5 Financial risk management (continued)

##### (b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

##### *Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

The Group has established processes and procedures to ensure the timely collection of revenue through its arrangements with Pershing Securities Australia Pty Ltd, as the Group's domestic settlement and clearing agent, Pershing LLC, as the Group's international settlement and clearing partner, and direct debit arrangements agreed directly with clients.

Clients are screened for appropriateness by individual advisers of the Group. The Group provides financial incentive to its advisers to limit exposure to credit risk, by deducting any losses from adviser incentive entitlements. The Group closely monitors credit risk through surveillance of uncovered trades, failed settlements and erratic trading, and flags clients as credit risks accordingly. Pershing Securities Australia Pty Ltd and Pershing LLC use external resources to verify whether any client has a bad credit history within the stockbroking industry prior to account opening.

The Group has established an allowance for impairment of \$Nil (2016: \$Nil) for the current reporting period.

##### *Investments*

The Group's balance sheet is invested conservatively in short-term deposits and high interest cash management accounts with Australian financial institutions where the credit risk is very low. From time to time the Group has traded in highly rated interest rate securities. As at reporting date the Group did not hold any highly rated interest rate securities (2016: \$Nil).

##### (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses as and when they fall due, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters or financial markets collapse.

## Evans and Partners Pty Ltd and its subsidiaries

### Notes to the financial statements

#### 5 Financial risk management (continued)

##### (d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### *Currency risk*

The Group is exposed to currency risk on revenue, expenses and cash and cash equivalents that are denominated in a currency other than the functional currency of the Group, the Australian dollar (AUD). The currency in which these transactions are primarily denominated is the US Dollar (USD).

The Group manages currency risk exposures by ensuring revenues are collected and expenses paid as close to the transaction date as possible and regularly converting surplus foreign currency cash and cash equivalents into AUD at spot rates. In determining surplus foreign currency cash deposits, the Group considers the expected expenditure requirements for the relevant foreign currency.

The Group does not hedge its exposure to foreign currency risk at this time.

##### (e) Capital management

During the year, Evans Dixon Pty Limited acquired 100% of the issued shares in the Company in exchange for newly issued, fully paid ordinary shares in Evans Dixon Pty Limited. As such Evans Dixon Pty Limited became the ultimate parent entity of the Group from 1 February 2017.

Prior to the merger, the Group returned surplus capital to equity holders by way of a special distribution comprising a return of capital and a dividend (refer Note 15).

As a Market Participant of both the ASX and Chi-X, the Group is subject to externally imposed capital and liquidity requirements in accordance with the Australian Securities and Investments Commission (ASIC) Market Integrity Rules – Market Capital, that apply to both the ASX and Chi-X. The Group's Auditor is appropriately qualified to provide an opinion on the Group's compliance with the ASIC's capital liquidity requirements.

The Board has established procedures and processes for the regular monitoring of the Group's capital liquidity and the reporting and rectification of capital liquidity breaches, should they occur.

Due to the level of funds on deposit, the Group comfortably exceeds all current liquidity requirements and has not breached these requirements. This position remains unchanged as at the date the Audit Report was signed.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 6 Revenue

|  | 2017              | 2016              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Brokerage income                       | 33,135,356        | 30,511,970        |
| Portfolio advisory fees                | 19,349,327        | 17,507,892        |
| Asset management fees                  | 15,559,907        | 13,167,058        |
| Corporate distribution and origination | 8,375,059         | 10,661,815        |
| Other operating income                 | 1,647,341         | 1,584,505         |
|  | <u>78,066,990</u> | <u>73,433,240</u> |

### 7 Finance income and finance costs

#### Recognised in profit or loss

|  | 2017             | 2016           |
|--|------------------|----------------|
|  | \$               | \$             |
| Interest income on unimpaired held-to-maturity investments           | 184,663          | 462,789        |
| Dividend income on available-for-sale financial assets               | 424              | 5,093          |
| Net foreign exchange gain  | -                | 7,596          |
| Net gain on disposal of available-for-sale financial assets          | 6,936            | 23,614         |
| Finance income   | <u>192,023</u>   | <u>499,092</u> |
| Net foreign exchange loss  | (22,326)         | -              |
| Interest expense on financial liabilities measured at amortised cost | (204,772)        | (3,499)        |
| Finance costs  | <u>(227,098)</u> | <u>(3,499)</u> |
| Net finance income recognised in profit or loss                      | <u>(35,075)</u>  | <u>495,593</u> |

The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:

|   |           |         |
|---|-----------|---------|
| Total interest income on financial assets       | 184,663   | 462,789 |
| Total interest expense on financial liabilities | (204,772) | (3,499) |

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 8 Income tax expense

|   | 2017<br>\$       | 2016<br>\$       |
|---|------------------|------------------|
| <b>Current tax expense</b>                        |                  |                  |
| Current year                                      | 3,326,046        | 3,849,006        |
| Adjustments for prior years                       | (3,359)          | 8,496            |
| Income tax expense recovered from employee        | (2,301)          | (2,448)          |
|   | <u>3,320,386</u> | <u>3,855,054</u> |
| <b>Deferred tax expense</b>                       |                  |                  |
| Origination and reversal of temporary differences | (324,849)        | (155,993)        |
|   | <u>(324,849)</u> | <u>(155,993)</u> |
| <b>Total income tax expense</b>                   | <u>2,995,537</u> | <u>3,699,061</u> |

### Income tax recognised directly in equity

|  | 2017                  |            |             |
|--|-----------------------|------------|-------------|
|  | Tax expense (benefit) |            |             |
|  | Before tax            |            | Net of tax  |
| Movement in fair value reserve relating to available-for-sale financial assets | -                     | -          | -           |
|  | <u>-</u>              | <u>-</u>   | <u>-</u>    |
|  |                       |            |             |
|  | 2016                  |            |             |
|  | Tax expense (benefit) |            |             |
|  | Before tax            |            | Net of tax  |
| Movement in fair value reserve relating to available-for-sale financial assets | (25)                  | (8)        | (17)        |
|  | <u>(25)</u>           | <u>(8)</u> | <u>(17)</u> |

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 8 Income tax expense (continued)

#### Numerical reconciliation between tax expense and pre-tax accounting profit

|  | 2017      | 2016       |
|--|-----------|------------|
|  | \$        | \$         |
| Profit for period  | 6,341,494 | 8,242,038  |
| Total income tax expense   | 2,995,537 | 3,699,061  |
| Profit excluding income tax  | 9,337,031 | 11,941,099 |
| Income tax using the Company domestic tax rate of 30% (2016: 30%)        | 2,808,840 | 3,587,474  |
| Income tax using the Group Entities domestic tax rate of 49% (2016: 49%) | 138,233   | 5,083      |
| Non-deductible expenses  | 101,081   | 103,628    |
| Under/(over) provided in prior years                                     | (3,359)   | 8,496      |
| Income tax expense recovered from employee                               | (2,301)   | (2,448)    |
| Tax effect of franking credits on treasury shares                        | 45,116    | 3,043      |
| Franking credit refunded on treasury shares                              | (92,073)  | (6,210)    |
| Tax effect of utilised prior year losses                                 | -         | (5)        |
| Income tax expense on pre-tax net profit                                 | 2,995,537 | 3,699,061  |

### 9 Other investments

|                              | 2017    | 2016      |
|------------------------------|---------|-----------|
|                              | \$      | \$        |
| <b>Current</b>               |         |           |
| Held-to-maturity investments | 130,000 | 1,883,435 |
|                              | 130,000 | 1,883,435 |

Interest-bearing held-to-maturity financial assets, with a carrying amount of \$130,000 at 30 June 2017 (2016: \$1,883,435) have a stated interest rate of 2.60 percent (2016: 2.19 to 3.12 percent) and mature twelve months from the acquisition date.

Refer to Note 19 for the Group's exposure to interest rate risk related to other investments.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 10 Property, plant and equipment

|  | Fixtures and fittings | Office equipment | Computer equipment | Leasehold improvements | Artwork | Total       |
|--|-----------------------|------------------|--------------------|------------------------|---------|-------------|
|  | \$                    | \$               | \$                 | \$                     | \$      | \$          |
| <b>Cost or deemed cost</b>                 |                       |                  |                    |                        |         |             |
| Balance at 1 July 2015                     | 30,459                | 814,751          | 1,110,890          | 1,415,226              | 74,073  | 3,445,399   |
| Additions                                  | 2,508                 | 754,478          | 613,735            | 146,631                | -       | 1,517,352   |
| Disposals                                  | (3,233)               | (96,377)         | (102,429)          | (25,481)               | -       | (227,520)   |
| Restatement of comparatives                | -                     | (131,795)        | 131,795            | -                      | -       | -           |
| Balance at 30 June 2016                    | 29,734                | 1,341,057        | 1,753,991          | 1,536,376              | 74,073  | 4,735,231   |
| Balance at 1 July 2016                     | 29,734                | 1,341,057        | 1,753,991          | 1,536,376              | 74,073  | 4,735,231   |
| Reclassified software to intangible assets | -                     | -                | (833,199)          | -                      | -       | (833,199)   |
| Additions                                  | -                     | 81,253           | 111,018            | 16,541                 | -       | 208,812     |
| Disposals                                  | -                     | (144,029)        | (1,583)            | -                      | -       | (145,612)   |
| Balance at 30 June 2017                    | 29,734                | 1,278,281        | 1,030,227          | 1,552,917              | 74,073  | 3,965,232   |
| <b>Depreciation and impairment losses</b>  |                       |                  |                    |                        |         |             |
| Balance at 1 July 2015                     | (16,651)              | (335,975)        | (479,930)          | (188,549)              | -       | (1,021,105) |
| Disposals                                  | 2,320                 | 44,640           | 88,736             | 5,345                  | -       | 141,041     |
| Depreciation for the year                  | (2,155)               | (247,771)        | (346,195)          | (118,706)              | -       | (714,827)   |
| Balance at 30 June 2016                    | (16,486)              | (539,106)        | (737,389)          | (301,910)              | -       | (1,594,891) |
| Balance at 1 July 2016                     | (16,486)              | (539,106)        | (737,389)          | (301,910)              | -       | (1,594,891) |
| Reclassified software to intangible assets | -                     | -                | 252,332            | -                      | -       | 252,332     |
| Disposals                                  | -                     | 125,353          | 1,397              | -                      | -       | 126,750     |
| Depreciation for the year                  | (2,089)               | (217,012)        | (246,491)          | (140,323)              | -       | (605,915)   |
| Balance at 30 June 2017                    | (18,575)              | (630,765)        | (730,151)          | (442,233)              | -       | (1,821,724) |
| <b>Carrying amounts</b>                    |                       |                  |                    |                        |         |             |
| At 30 June 2016                            | 13,248                | 801,951          | 1,016,602          | 1,234,466              | 74,073  | 3,140,340   |
| At 30 June 2017                            | 11,159                | 647,516          | 300,076            | 1,110,684              | 74,073  | 2,143,508   |

#### Leased plant and equipment

The Group currently leases photocopy machines from third parties. These assets are leased under operating leases.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 11 Intangible assets

|  | Software<br>development<br>costs<br>\$ | Website and<br>application<br>development<br>costs<br>\$ | Total<br>\$ |
|--|--|--|-------------|
| <b>Cost</b>  |  |  |             |
| Balance at 1 July 2015                                   | -                                      | 256,859  | 256,859     |
| Additions  | -                                      | 59,471   | 59,471      |
| Disposals  | -                                      | (87,119)   | (87,119)    |
| Balance at 30 June 2016                                  | -                                      | 229,211  | 229,211     |
| Balance at 1 July 2016                                   | -                                      | 229,211  | 229,211     |
| Reclassified software from property, plant and equipment | 833,199                                | -  | 833,199     |
| Additions  | 272,881                                | -  | 272,881     |
| Disposals  | (45,325)                               | -  | (45,325)    |
| Balance at 30 June 2017                                  | 1,060,755                              | 229,211  | 1,289,966   |
| <b>Amortisation and impairment losses</b>                |  |  |             |
| Balance at 1 July 2015                                   | -                                      | (191,010)  | (191,010)   |
| Amortisation for the year                                | -                                      | (46,849)   | (46,849)    |
| Disposals  | -                                      | 87,119   | 87,119      |
| Balance at 30 June 2016                                  | -                                      | (150,740)  | (150,740)   |
| Balance at 1 July 2016                                   | -                                      | (150,740)  | (150,740)   |
| Reclassified software from property, plant and equipment | (252,332)                              | -  | (252,332)   |
| Amortisation for the year                                | (216,776)                              | (33,824)   | (250,600)   |
| Disposals  | -                                      | -  | -           |
| Balance at 30 June 2017                                  | (469,108)                              | (184,564)  | (653,672)   |
| <b>Carrying amounts</b>                                  |  |  |             |
| At 30 June 2016  | -                                      | 78,471   | 78,471      |
| At 30 June 2017  | 591,647                                | 44,647   | 636,294     |

## Evans and Partners Pty Ltd and its subsidiaries

### Notes to the financial statements

#### 12 Deferred tax assets and liabilities

##### Recognised deferred tax assets and liabilities

|                                  | Assets    |         | Liabilities |        | Net       |          |
|----------------------------------|-----------|---------|-------------|--------|-----------|----------|
|                                  | 2017      | 2016    | 2017        | 2016   | 2017      | 2016     |
|                                  | \$        | \$      | \$          | \$     | \$        | \$       |
| Trade and other receivables      | -         | -       | -           | 57,185 | -         | (57,185) |
| Prepayments                      | 5,342     | 2,086   | -           | -      | 5,342     | 2,086    |
| Property, plant and equipment    | 65,009    | 47,954  | -           | -      | 65,009    | 47,954   |
| Intangible assets                | 514       | 6,584   | -           | -      | 514       | 6,584    |
| Costs deductible in future years | 258,708   | 47,381  | -           | -      | 258,708   | 47,381   |
| Employee benefits                | 655,869   | 588,818 | -           | -      | 655,869   | 588,818  |
| Lease liability                  | 209,988   | 174,858 | -           | -      | 209,988   | 174,858  |
| Provisions                       | -         | 56,741  | -           | -      | -         | 56,741   |
| Net tax assets/(liabilities)     | 1,195,430 | 924,422 | -           | 57,185 | 1,195,430 | 867,237  |



# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 12 Deferred tax assets and liabilities (continued)

|                                     | Balance<br>July 2015<br>\$ | Recognised<br>in profit or<br>loss | Recognised in<br>other<br>comprehensive<br>income | Balance<br>30 June 2016<br>\$ | Recognised<br>in profit or<br>loss | Recognised in<br>other<br>comprehensive<br>income | Balance<br>30 June 2017<br>\$ |
|-------------------------------------|----------------------------|------------------------------------|---|-------------------------------|------------------------------------|---|-------------------------------|
| Trade and other receivables         | (6,489)                    | (50,696)                           | -   | (57,185)                      | 57,185                             | -   | -                             |
| Prepayments                         | 943                        | 1,143                              | -   | 2,086                         | 3,256                              | -   | 5,342                         |
| Property, plant and equipment       | 5,778                      | 42,176                             | -   | 47,954                        | 17,055                             | -   | 65,009                        |
| Intangible assets                   | 20,139                     | (13,555)                           | -   | 6,584                         | (6,070)                            | -   | 514                           |
| Available-for-sale financial assets | (8)                        | -                                  | 8   | -                             | -                                  | -   | -                             |
| Costs deductible in future years    | 68,545                     | (21,164)                           | -   | 47,381                        | 211,327                            | -   | 258,708                       |
| Employee benefits                   | 482,276                    | 106,542                            | -   | 588,818                       | 67,051                             | -   | 655,869                       |
| Lease liability                     | 123,522                    | 51,336                             | -   | 174,858                       | 35,130                             | -   | 209,988                       |
| Provisions                          | 16,530                     | 40,211                             | -   | 56,741                        | (56,741)                           | -   | -                             |
|                                     | 711,236                    | 155,993                            | 8   | 867,237                       | 328,193                            | -   | 1,195,430                     |

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 13 Trade and other receivables

|                             | 2017<br>\$        | 2016<br>\$        |
|-----------------------------|-------------------|-------------------|
| Trade receivables           | 9,811,000         | 9,311,664         |
| Accrued interest receivable | -                 | 30,615            |
| Prepayments                 | 472,504           | 559,275           |
| Deposits                    | 130,057           | 134,159           |
| Escrow receivable           | 1,017,721         | 1,165,783         |
| Other receivables           | 40,262            | 200,267           |
|                             | <u>11,471,544</u> | <u>11,401,763</u> |
| Current                     | 10,474,028        | 10,255,568        |
| Non-Current                 | <u>997,516</u>    | <u>1,146,195</u>  |
|                             | <u>11,471,544</u> | <u>11,401,763</u> |

The Group's exposure to credit risk and impairment losses related to trade and other receivables are disclosed in Note 19.

### 14 Cash and cash equivalents

|  | 2017<br>\$        | 2016<br>\$        |
|--|-------------------|-------------------|
| Cash on hand   | 2,495             | 2,236             |
| Bank balances  | 14,326,120        | 23,597,898        |
| Cash and cash equivalents in the statement of cash flows | <u>14,328,615</u> | <u>23,600,134</u> |

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 19.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 14 Cash and cash equivalents (continued)

#### Reconciliation of cash flows from operating activities

|  | <b>Note</b> | <b>2017<br/>\$</b> | <b>2016<br/>\$</b> |
|--|-------------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                              |             |                    |                    |
| Profit for the period  |             | <b>6,341,494</b>   | <b>8,242,038</b>   |
| Adjustments for:   |             |                    |                    |
| Depreciation and amortisation  |             | <b>856,515</b>     | <b>761,676</b>     |
| Loss on disposal of property, plant and equipment                        | <b>10</b>   | <b>18,862</b>      | <b>81,644</b>      |
| Loss on disposal of intangible assets                                    | <b>11</b>   | <b>45,325</b>      | <b>-</b>           |
| Gain on disposal of available-for-sale financial assets                  | <b>7</b>    | <b>(6,936)</b>     | <b>(23,614)</b>    |
| Interest income on unimpaired held-to-maturity investments               | <b>7</b>    | <b>(184,663)</b>   | <b>(462,789)</b>   |
| Dividend income on available-for-sale financial assets                   | <b>7</b>    | <b>(424)</b>       | <b>(5,093)</b>     |
| Income tax expense recovered from employee                               | <b>8</b>    | <b>2,301</b>       | <b>2,448</b>       |
| Income tax expense   | <b>8</b>    | <b>2,995,537</b>   | <b>3,699,061</b>   |
| <b>Operating profit before changes in working capital and provisions</b> |             | <b>10,068,011</b>  | <b>12,295,371</b>  |
| Change in trade and other receivables                                    |             | <b>(187,316)</b>   | <b>(1,656,077)</b> |
| Change in trade and other payables                                       |             | <b>(439,359)</b>   | <b>601,470</b>     |
| Change in prepayments  |             | <b>86,771</b>      | <b>(92,253)</b>    |
| Change in provisions and employee benefits                               |             | <b>663,570</b>     | <b>1,900,819</b>   |
| Change in deferred income  |             | <b>-</b>           | <b>(5,000)</b>     |
| Change in lease liability  |             | <b>117,101</b>     | <b>171,120</b>     |
| <b>Cash generated from operating activities</b>                          |             | <b>10,308,778</b>  | <b>13,215,450</b>  |
| Income tax paid  |             | <b>(4,129,508)</b> | <b>(4,898,178)</b> |
| <b>Net cash from operating activities</b>                                |             | <b>6,179,270</b>   | <b>8,317,272</b>   |

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 15 Capital and reserves

#### Reconciliation of movement in capital and reserves

|   | Share capital<br>\$ | Settled sum<br>\$ | Non-share equity units<br>\$ | Fair value reserve<br>\$ | Treasury share reserve<br>\$ | Treasury share profit reserve<br>\$ | Retained earnings<br>\$ | Total equity<br>\$ |
|---|---------------------|-------------------|------------------------------|--------------------------|------------------------------|-------------------------------------|-------------------------|--------------------|
| Balance at 1 July 2015  | 9,620,506           | 10                | 2,001,137                    | 17                       | (83,622)                     | -                                   | 12,601,422              | 24,139,470         |
| Capital conversion  | 1,901,937           | -                 | (1,901,937)                  | -                        | -                            | -                                   | -                       | -                  |
| Total recognised income and expense   | -                   | -                 | -                            | -                        | -                            | -                                   | 8,242,038               | 8,242,038          |
| Net change in fair value of available-for-sale financial assets, net of tax | -                   | -                 | -                            | (17)                     | -                            | -                                   | -                       | (17)               |
| Treasury shares acquired  | -                   | -                 | -                            | -                        | (2,472,153)                  | -                                   | -                       | (2,472,153)        |
| Treasury shares disposed on allocation                                      | -                   | -                 | -                            | -                        | 1,636,227                    | -                                   | -                       | 1,636,227          |
| Increase in fair value of treasury shares upon allocation                   | -                   | -                 | -                            | -                        | -                            | 13,032                              | -                       | 13,032             |
| Dividends to equity holders   | -                   | -                 | -                            | -                        | -                            | -                                   | (6,876,298)             | (6,876,298)        |
| Dividends paid on treasury shares   | -                   | -                 | -                            | -                        | -                            | -                                   | 14,490                  | 14,490             |
| Balance at 30 June 2016   | 11,522,443          | 10                | 99,200                       | -                        | (919,548)                    | 13,032                              | 13,981,652              | 24,696,789         |

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 15 Capital and reserves (continued)

#### Reconciliation of movement in capital and reserves (continued)

|   | Share capital<br>\$ | Settled sum<br>\$ | Non-share equity units<br>\$ | Treasury share reserve<br>\$ | Treasury share profit reserve<br>\$ | Retained earnings<br>\$ | Total equity<br>\$ |
|---|---------------------|-------------------|------------------------------|------------------------------|-------------------------------------|-------------------------|--------------------|
| Balance at 1 July 2016                                    | 11,522,443          | 10                | 99,200                       | (919,548)                    | 13,032                              | 13,981,652              | 24,696,789         |
| Redemption of non-share equity units                      | -                   | -                 | (99,200)                     | -                            | -                                   | -                       | (99,200)           |
| Capital issued  | 5,099,200           | -                 | -                            | -                            | -                                   | -                       | 5,099,200          |
| Return of capital   | (8,140,597)         | -                 | -                            | -                            | -                                   | -                       | (8,140,597)        |
| Total recognised income and expense                       | -                   | -                 | -                            | -                            | -                                   | 6,341,494               | 6,341,494          |
| Treasury shares acquired                                  | -                   | -                 | -                            | (558,600)                    | -                                   | -                       | (558,600)          |
| Treasury shares disposed on allocation                    | -                   | -                 | -                            | 1,478,148                    | -                                   | -                       | 1,478,148          |
| Increase in fair value of treasury shares upon allocation | -                   | -                 | -                            | -                            | 92,988                              | -                       | 92,988             |
| Distributions to beneficiaries                            | -                   | -                 | -                            | -                            | (106,020)                           | (93,265)                | (199,285)          |
| Dividends to equity holders                               | -                   | -                 | -                            | -                            | -                                   | (14,832,810)            | (14,832,810)       |
| Dividends paid on treasury shares                         | -                   | -                 | -                            | -                            | -                                   | 214,837                 | 214,837            |
| Balance at 30 June 2017                                   | 8,481,046           | 10                | -                            | -                            | -                                   | 5,611,908               | 14,092,964         |

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 15 Capital and reserves (continued)

#### Share capital

|                     | Ordinary shares |            | Non-share equity units |             | Total       |            |
|---------------------|-----------------|------------|------------------------|-------------|-------------|------------|
|                     | 2017            | 2016       | 2017                   | 2016        | 2017        | 2016       |
|                     | \$              | \$         | \$                     | \$          | \$          | \$         |
| On issue at 1 July  | 11,522,443      | 9,620,506  | 99,200                 | 2,001,137   | 11,621,643  | 11,621,643 |
| Return of capital   | (8,140,597)     | -          | -                      | -           | (8,140,597) | -          |
| Issued shares       | 5,099,200       | -          | -                      | -           | 5,099,200   | -          |
| Equity conversion   | -               | 1,901,937  | -                      | (1,901,937) | -           | -          |
| Equity redemption   | -               | -          | (99,200)               | -           | (99,200)    | -          |
| On issue at 30 June | 8,481,046       | 11,522,443 | -                      | 99,200      | 8,481,046   | 11,621,643 |

#### Issuance of ordinary shares

During the year ended 30 June 2017, 1,060 non-share equity units were redeemed and an equivalent number of ordinary shares were issued for the original paid up value of \$99,200. In addition, 5,000,000 ordinary shares were issued to the Parent Entity at \$1 per share. During the year ended 30 June 2016, 18,940 ordinary shares were converted from non-share equity units on a 1 for 1 basis.

#### Ordinary shares and non-share equity units

The Group does not have authorised capital or par value in respect of its issued shares. All shares are fully paid. The non-share equity units are classified as equity and are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group. The holders of non-share equity units are entitled to receive dividends as declared from time to time. Non-share equity unit holders may attend meetings of the Group but are not entitled to vote. On winding up the claims of holders of non-share equity units rank in priority as to the repayment of \$0.01 per non-share equity units and then equally in all respects with holders of ordinary shares.

#### Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

#### Treasury share reserve

The reserve for the Group's treasury shares comprises the cost of the Group's shares held by the Evans and Partners Employee Share Trust. At 30 June 2017, the Group did not hold any Group's shares (2016: 3,444). These shares are held until such time as new or existing shareholders purchase these shares under the terms of the existing shareholders agreement.

#### Treasury share profits reserve

The Group recognises the increase or decrease in fair value on the allocation of unallocated Group shares being the movement in the fair value of the shares between the dates on which the beneficial ownership of the shares has changed.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 15 Capital and reserves (continued)

#### Dividends

The following dividends were declared and paid by the Group:

|              | \$ per share | Gross amount<br>\$ | Amount paid<br>on treasury<br>shares<br>\$ | Net amount<br>\$  | Franked /<br>unfranked | Date of<br>payment |
|--------------|--------------|--------------------|--|-------------------|------------------------|--------------------|
| <b>2017</b>  |              |                    |  |                   |                        |                    |
| Special 2016 | 35.20        | 4,499,827          | 121,229                                    | 4,378,598         | Franked                | 05/08/2016         |
| Final 2016   | 27.18        | 3,474,583          | 93,608                                     | 3,380,975         | Franked                | 05/10/2016         |
| Special 2017 | 53.65        | 6,858,400          | -  | 6,858,400         | Franked                | 27/01/2017         |
| Total amount |              | <u>14,832,810</u>  | <u>214,837</u>                             | <u>14,617,973</u> |                        |                    |
| <b>2016</b>  |              |                    |  |                   |                        |                    |
| Interim 2016 | 21.29        | 2,721,628          | 2,725                                      | 2,718,903         | Franked                | 04/02/2016         |
| Final 2015   | 32.50        | 4,154,670          | 11,765                                     | 4,142,905         | Franked                | 05/10/2015         |
| Total amount |              | <u>6,876,298</u>   | <u>14,490</u>                              | <u>6,861,808</u>  |                        |                    |

Franked dividends declared or paid during the year were fully franked at the tax rate of 30 percent.

After reporting date, the following dividends were declared by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences.

|                           | cents per share | Gross amount<br>\$ | Franked /<br>unfranked | Date of<br>payment |
|---------------------------|-----------------|--------------------|------------------------|--------------------|
| Dividend to Parent Entity | 48.75           | 2,500,000          | Unfranked              | 17/07/2017         |
| Dividend to Parent Entity | 39.00           | 2,000,000          | Unfranked              | 14/09/2017         |
|                           |                 | <u>4,500,000</u>   |                        |                    |

|  | 2017<br>\$ | 2016<br>\$       |
|--|------------|------------------|
| <b>Dividend franking account</b>                                     |            |                  |
| 30 percent franking credits available to equity holders of the Group | -          | <u>7,354,705</u> |

Upon entering the Evans Dixon Pty Limited income tax consolidated group, all franking credits were transferred to the Parent Entity.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 16 Employee benefits

|                                  | 2017              | 2016              |
|----------------------------------|-------------------|-------------------|
|                                  | \$                | \$                |
| <b>Current</b>                   |                   |                   |
| Discretionary bonuses payable    | 6,444,869         | 6,475,428         |
| Incentives payable               | 4,923,092         | 4,521,697         |
| Superannuation payable           | 295,673           | 281,875           |
| Liability for annual leave       | 975,613           | 840,879           |
| Liability for long-service leave | 618,500           | 621,269           |
|                                  | <u>13,257,747</u> | <u>12,741,148</u> |
| <b>Non-current</b>               |                   |                   |
| Liability for long-service leave | <u>179,443</u>    | <u>130,731</u>    |

### 17 Trade and other payables

|   | 2017             | 2016             |
|---|------------------|------------------|
|   | \$               | \$               |
| Trade payables                          | 563,125          | 696,623          |
| Non-trade payables and accrued expenses | 220,531          | 607,464          |
| Accrued other personnel expenses        | 663,248          | 632,506          |
| Payables to related parties             | 72,465           | -                |
| GST payable                             | 876,407          | 800,285          |
|   | <u>2,395,776</u> | <u>2,736,878</u> |

Refer to Note 19 for the Group's exposure to currency and liquidity risk related to trade and other payables.

### 18 Other liabilities

|                    | 2017           | 2016           |
|--------------------|----------------|----------------|
|                    | \$             | \$             |
| <b>Non-current</b> |                |                |
| Lease liability    | <u>699,962</u> | <u>582,681</u> |



# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 19 Financial instruments

#### (a) Credit risk

##### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

|                              | 2017              | 2016              |
|------------------------------|-------------------|-------------------|
|                              | \$                | \$                |
| Held-to-maturity investments | 130,000           | 1,883,435         |
| Loans and receivables        | 11,471,544        | 11,401,763        |
| Cash and cash equivalents    | 14,328,615        | 23,600,134        |
|                              | <u>25,930,159</u> | <u>36,885,332</u> |

##### Impairment losses

The aging of trade receivables at the reporting date was:

|                       | Gross<br>2017    | Impairment<br>2017 | Gross<br>2016    | Impairment<br>2016 |
|-----------------------|------------------|--------------------|------------------|--------------------|
|                       | \$               | \$                 | \$               | \$                 |
| Not past due          | 9,801,057        | -                  | 9,295,164        | -                  |
| Past due 31 - 60 days | 9,943            | -                  | -                | -                  |
| Past due 61+ days     | -                | -                  | 16,500           | -                  |
|                       | <u>9,811,000</u> | <u>-</u>           | <u>9,311,664</u> | <u>-</u>           |

As at 30 June 2017, the Group has no impairment allowance on its trade receivables (2016: Nil).

#### (b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

##### 30 June 2017

|   | Carrying<br>amount | Contractual<br>cash flows | 6 months or<br>less |
|---|--------------------|---------------------------|---------------------|
|   | \$                 | \$                        | \$                  |
| <b>Non-derivative financial liabilities</b> |                    |                           |                     |
| Trade and other payables                    | 2,395,776          | 2,395,776                 | 2,395,776           |
|   | <u>2,395,776</u>   | <u>2,395,776</u>          | <u>2,395,776</u>    |

##### 30 June 2016

##### Non-derivative financial liabilities

|                          |                  |                  |                  |
|--------------------------|------------------|------------------|------------------|
| Trade and other payables | 2,736,878        | 2,736,878        | 2,736,878        |
|                          | <u>2,736,878</u> | <u>2,736,878</u> | <u>2,736,878</u> |

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 19 Financial instruments (continued)

#### (c) Currency risk

##### Exposure to currency risk

The Group's exposure to foreign currency risk was as follows, based on notional amounts:

|  | 30 June 2017 | 30 June 2016 |
|--|--------------|--------------|
|  | USD          | USD          |
|  | \$           | \$           |
| Trade and other receivables                    | 169,665      | 174,430      |
| Cash and cash equivalents                      | 18,195       | 178,590      |
| Gross statement of financial position exposure | 187,860      | 353,020      |
| Net exposure                                   | 187,860      | 353,020      |

The following significant exchange rates applied during the year:

|         | Average rate |        | Reporting date spot rate |        |
|---------|--------------|--------|--------------------------|--------|
|         | 2017         | 2016   | 2017                     | 2016   |
| AUD/USD | 0.7539       | 0.7283 | 0.7687                   | 0.7452 |

##### Sensitivity analysis

A strengthening of the AUD, as indicated below, against USD at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant.

|                     | Strengthening |                | Weakening |                |
|---------------------|---------------|----------------|-----------|----------------|
|                     | Equity        | Profit or loss | Equity    | Profit or loss |
| <b>30 June 2017</b> |               |                |           |                |
| USD (15 percent)    | -             | (31,856)       | -         | 43,099         |
|                     | -             | (31,856)       | -         | 43,099         |
| <b>30 June 2016</b> |               |                |           |                |
| USD (15 percent)    | -             | (62,007)       | -         | 83,891         |
|                     | -             | (62,007)       | -         | 83,891         |

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 19 Financial instruments (continued)

#### (d) Interest rate risk

##### Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

|                                  | Carrying amount   |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 2017              | 2016              |
|                                  | \$                | \$                |
| <b>Fixed rate instruments</b>    |                   |                   |
| Financial assets                 | 130,000           | 7,562,904         |
|                                  | <u>130,000</u>    | <u>7,562,904</u>  |
| <b>Variable rate instruments</b> |                   |                   |
| Financial assets                 | 14,854,188        | 19,086,120        |
|                                  | <u>14,854,188</u> | <u>19,086,120</u> |

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

##### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

|                             | 100bp increase |                | 100bp decrease |                  |
|-----------------------------|----------------|----------------|----------------|------------------|
|                             | \$             |                | \$             |                  |
|                             | Equity         | Profit or loss | Equity         | Profit or loss   |
| <b>30 June 2017</b>         |                |                |                |                  |
| Variable rate instruments   | -              | 156,521        | -              | (156,521)        |
| Cash flow sensitivity (net) | -              | <u>156,521</u> | -              | <u>(156,521)</u> |
| <b>30 June 2016</b>         |                |                |                |                  |
| Variable rate instruments   | -              | 136,955        | -              | (136,955)        |
| Cash flow sensitivity (net) | -              | <u>136,955</u> | -              | <u>(136,955)</u> |

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 19 Financial instruments (continued)

#### (e) Accounting classifications and fair values

##### Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

|                                      |  | Note | Held-to-maturity<br>\$ | Loans and<br>receivables<br>\$ | Cash and<br>cash<br>equivalents<br>\$ | Other<br>financial<br>liabilities<br>\$ | Total<br>carrying<br>amount<br>\$ | Fair value<br>\$ |
|--------------------------------------|--|------|------------------------|--------------------------------|---------------------------------------|---|-----------------------------------|------------------|
| <b>30 June 2016</b>                  |  |      |                        |                                |                                       |   |                                   |                  |
| Cash and cash equivalents            |  | 14   | -                      | -                              | 23,600,134                            | -                                       | 23,600,134                        | 23,600,134       |
| Trade and other receivables          |  | 13   | -                      | 11,401,763                     | -                                     | -                                       | 11,401,763                        | 11,401,763       |
| Investment securities: Term deposits |  | 9    | 1,883,435              | -                              | -                                     | -                                       | 1,883,435                         | 1,883,435        |
|                                      |  |      | 1,883,435              | 11,401,763                     | 23,600,134                            | -                                       | 36,885,332                        | 36,885,332       |
| Trade and other payables             |  | 17   | -                      | -                              | -                                     | (2,736,878)                             | (2,736,878)                       | (2,736,878)      |
|                                      |  |      | -                      | -                              | -                                     | (2,736,878)                             | (2,736,878)                       | (2,736,878)      |
| <b>30 June 2017</b>                  |  |      |                        |                                |                                       |   |                                   |                  |
| Cash and cash equivalents            |  | 14   | -                      | -                              | 14,328,615                            | -                                       | 14,328,615                        | 14,328,615       |
| Trade and other receivables          |  | 13   | -                      | 11,471,544                     | -                                     | -                                       | 11,471,544                        | 11,471,544       |
| Investment securities: Term deposits |  | 9    | 130,000                | -                              | -                                     | -                                       | 130,000                           | 130,000          |
|                                      |  |      | 130,000                | 11,471,544                     | 14,328,615                            | -                                       | 25,930,159                        | 25,930,159       |
| Trade and other payables             |  | 17   | -                      | -                              | -                                     | (2,395,776)                             | (2,395,776)                       | (2,395,776)      |
|                                      |  |      | -                      | -                              | -                                     | (2,395,776)                             | (2,395,776)                       | (2,395,776)      |

## Evans and Partners Pty Ltd and its subsidiaries

### Notes to the financial statements

#### 20 Operating leases

##### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

|                            | 2017              | 2016              |
|----------------------------|-------------------|-------------------|
|                            | \$                | \$                |
| Less than one year         | 1,947,151         | 1,884,875         |
| Between one and five years | 8,700,801         | 9,129,096         |
| More than five years       | 1,439,072         | 2,957,928         |
|                            | <u>12,087,024</u> | <u>13,971,899</u> |

The Company leases photocopiers and premises in Melbourne and Sydney under operating leases. The amounts presented are GST exclusive.

#### 21 Related parties

##### (a) Subsidiaries

|   | Ownership<br>interest | Ownership<br>interest |
|---|-----------------------|-----------------------|
|   | 2017                  | 2016                  |
|   | %                     | %                     |
| EAP Employee Investments Pty Ltd        | 100                   | 100                   |
| Evans and Partners Employee Share Trust | -                     | -                     |

Although the Group does not hold any ownership in Evans and Partners Employee Share Trust, those that control the Group control this entity to facilitate the operations of the Group. As such the entity is deemed to be de facto agent of the Group and is consolidated.

##### (b) Related bodies corporate

As a member of a wider group of entities under the common control of the Parent Entity, the Group has transacted with the following related entities in the reporting period. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

Evans Dixon Pty Limited (Parent Entity)  
Dixon Advisory Group Pty Ltd  
Dixon Advisory and Superannuation Services Ltd

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 21 Related parties (continued)

#### (b) Related bodies corporate (continued)

The aggregate value of transactions (excluding GST) and outstanding balances relating to related bodies corporate were as follows:

|  | Transactions value<br>year ended 30 June |          | Balance outstanding as<br>at 30 June |          |
|--|--|----------|--------------------------------------|----------|
|  | 2017                                     | 2016     | 2017                                 | 2016     |
|  | \$                                       | \$       | \$                                   | \$       |
| Corporate distribution and origination | 98,308                                   | -        | -                                    | -        |
| Merger expenses                        | 285,895                                  | -        | -                                    | -        |
| Other personnel expenses               | 56,396                                   | -        | -                                    | -        |
| Administrative expenses                | 391,551                                  | -        | 72,465                               | -        |
| Goods and service tax                  | 1,357,603                                | -        | 876,407                              | -        |
| Income tax expense                     | 1,262,251                                | -        | 572,853                              | -        |
|  | <b>3,452,004</b>                         | <b>-</b> | <b>1,521,725</b>                     | <b>-</b> |

#### (c) Key management personnel compensation

The key management personnel compensation comprised:

|                              | 2017             | 2016             |
|------------------------------|------------------|------------------|
|                              | \$               | \$               |
| Short-term employee benefits | 3,623,561        | 4,932,562        |
| Post-employment benefits     | 95,583           | 138,353          |
|                              | <b>3,719,144</b> | <b>5,070,915</b> |

The compensation disclosed above represents an allocation of the key management personnel's compensation from the Group in relation to their services rendered to the Group. Some key management personnel receive compensation from related entities in relation to their services rendered to the Parent Entity and its subsidiaries.

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

# Evans and Partners Pty Ltd and its subsidiaries

## Notes to the financial statements

### 21 Related parties (continued)

#### (d) Key management personnel and director transactions

The aggregate value of transactions (excluding GST) and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

|                         | Transactions value<br>year ended 30 June |                | Balance outstanding as<br>at 30 June |                |
|-------------------------|--|----------------|--------------------------------------|----------------|
|                         | 2017                                     | 2016           | 2017                                 | 2016           |
|                         | \$                                       | \$             | \$                                   | \$             |
| Brokerage income        | 86,746                                   | 80,567         | -                                    | -              |
| Asset management fees   | 341,091                                  | 381,053        | 73,137                               | 100,062        |
| Portfolio advisory fees | 16,431                                   | 31,909         | 275                                  | 8,775          |
| Other operating income  | 48,000                                   | 45,000         | 4,125                                | 4,125          |
| Marketing expenses      | 120,000                                  | -              | -                                    | -              |
| Administrative expenses | 50,249                                   | 52,786         | 4,003                                | 2,156          |
|                         | <b>662,517</b>                           | <b>591,315</b> | <b>81,540</b>                        | <b>115,118</b> |

### 22 Subsequent events

In the interval between the end of the financial year and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in the future financial years.

### 23 Auditor's remuneration

|  | 2017          | 2016          |
|--|---------------|---------------|
|  | \$            | \$            |
| <b>Audit services</b>                  |               |               |
| Auditor of the Group: Pitcher Partners |               |               |
| Audit and review of financial reports  | 54,350        | 50,675        |
| Other regulatory audit services        | 9,150         | 6,825         |
| Other assurance services               | 850           | -             |
|  | <b>64,350</b> | <b>57,500</b> |

## Evans and Partners Pty Ltd and its subsidiaries

### Directors' declaration

- 1 In the opinion of the directors of Evans and Partners Pty Ltd, (the "Company"):
  - (a) the financial statements and notes that are set out on pages 6 to 45 are 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 2017 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
  - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- 2 The directors draw attention to note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'David Evans', followed by a horizontal line extending to the right.

David Evans  
*Executive Chairman*

Melbourne  
26<sup>th</sup> September 2017





**EVANS AND PARTNERS PTY LTD  
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF EVANS AND PARTNERS PTY LTD**

In relation to the independent audit for the year ended 30 June 2017, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Evans and Partners Pty Ltd and the entities it controlled during the year.



B POWERS

Partner

26 September 2017



PITCHER PARTNERS

Melbourne

**EVANS AND PARTNERS PTY LTD  
AND CONTROLLED ENTITIES  
ABN 85 125 338 785**

**INDEPENDENT AUDITOR'S REPORT  
EVANS AND PARTNERS PTY LTD**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Evans and Partners Pty Ltd "the Company" and its subsidiaries "the Group", which comprises the consolidated statement of financial position as at 30 June 2017, 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 the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

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

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

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

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

**EVANS AND PARTNERS PTY LTD  
AND CONTROLLED ENTITIES  
ABN 85 125 338 785**

**INDEPENDENT AUDITOR'S REPORT  
EVANS AND PARTNERS PTY LTD**

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*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.



**EVANS AND PARTNERS PTY LTD  
AND CONTROLLED ENTITIES  
ABN 85 125 338 785**

**INDEPENDENT AUDITOR'S REPORT  
EVANS AND PARTNERS PTY LTD**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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.

We communicate with those charged with governance 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.

  
B POWERS  
Partner

  
PITCHER PARTNERS  
Melbourne

26 September 2017