

Appendix 4D – Half Year Report
EQT Holdings Limited
 ABN 22 607 797 615



Results for announcement to the market for the half year ended 31 December 2016

Financial Results	31 Dec 16		31 Dec 15
	\$'000		\$'000
Revenue from ordinary activities	39,478	Down 7.4%	From 42,618
Statutory profit after tax attributable to shareholders	7,202	Up 3.3%	From 6,971
Earnings per share	Cents per share		Cents per share
Earnings per share – statutory profit (basic)	36.01	Up 2.2%	From 35.25
Dividends	31 Dec 16		31 Dec 15
Interim dividend per share	35 cents		34 cents
Franked amount per share	100%		100%
Record date for determining entitlement to the dividend	14 March 2017		
Last date for the receipt of an election notice for participation in the DRP	15 March 2017		
Payment date for dividend	31 March 2017		

The Directors have declared that the dividend reinvestment plan (DRP) will continue to operate for the interim dividend. The share price to be used for the DRP will be calculated based on the volume weighted average price of EQT Holdings Limited traded shares on the 5 days following the record date. A nil discount will be applied.

ASX Additional Information

Additional information required by the ASX, and not shown elsewhere in this report, follows. The information is current as at 31 December 2016.

Net tangible asset backing per share

The net tangible asset backing per share at 31 December 2016 was \$2.75 (2015: \$2.46), which is based on shares on issue of 20,055,229 (2015: 19,855,347).

Control gained or lost over entities during the period

The following structural changes were made and entities were acquired during the period:

Half year ended 31 December 2016

There were no entities for which control was gained or lost during the period.

Half year ended 31 December 2015

EQT Holdings Limited

Equity Trustees Limited undertook a corporate restructure by implementation of a scheme of arrangement between Equity Trustees Limited and its shareholders.

Effective 14 December 2015, EQT Holdings Limited became the parent company of Equity Trustees Limited and Scheme Shareholders received one fully paid ordinary share in the EQT Holdings Limited for each fully paid ordinary share in Equity Trustees Limited.

Audit

A review of the financial statements has been completed with an unqualified conclusion expressed by the Auditor. A copy of the review report is attached.

Commentary

For additional commentary, refer to the Directors' Report and separate ASX release covering the Announcement of Results and Shareholder Presentation.



EQT Holdings Limited
ABN 22 607 797 615

Consolidated Half Year Financial Report
for the half year ended
31 December 2016

EQT Holdings Limited

ABN 22 607 797 615

Directors' Report

The Directors of EQT Holdings Limited (Equity Trustees, or EQT) present the financial report for EQT Holdings Limited and its subsidiaries (the Group) for the half year ended 31 December 2016, and the independent auditors' report thereon.

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

J A (Tony) Killen OAM, Chairman
 Robin B O Burns, Managing Director (Retired 1 July 2016)
 Alice J M Williams
 The Hon Jeffrey G Kennett AC
 Anne M O'Donnell
 Kevin J Eley
 D Glenn Sedgwick (Appointed 8 August 2016)
 Michael J O'Brien, Managing Director

Review of Operations

For the six months to 31 December 2016 the Directors of Equity Trustees are pleased to report a Group profit before tax of \$10.39m, an increase of 5.1% over the prior corresponding period. Statutory net profit after tax for the half year was \$7.20m, up 3.3% on the prior corresponding period.

During the half year, revenue arising from ordinary activities was \$39.48m, down 7.4% on the prior corresponding period. The reduction was anticipated, and is principally driven by the decision to exit superannuation administration and corporate funds distribution. A focus on cost control has seen a 12.1% reduction in expenses (excluding finance costs, depreciation and amortisation) year to date, the effect of which is expected to continue through to the full year.

The result includes a significant reduction in non-operating expenses compared with the prior period, as follows:

Non-operating expenses before tax	Half year ended 31 December 2016 \$'000	Half year ended 31 December 2015 \$'000
M&A Activity (Sandhurst Trustees' Estates Business)	87	-
Operating model review (including related restructuring costs)	1,351	-
Business Assurance Project	705	1,215
Superannuation upgrade	-	1,251
Corporate Restructure	-	850
Other	-	853
Total	2,143	4,169

Non-operating expenses during the current period include costs associated with the ongoing business assurance project, M&A activity associated with the Sandhurst Trustees' Estates business acquisition, and the Group-wide operating model review. In the prior period, non-operating expenses included the business assurance project, superannuation upgrade and the corporate restructure. Some reclassification of operating and non-operating expenses has been made to the prior year comparative information to enable greater comparability.

Reducing non-operating expenses across the group has been a deliberate initiative during the 2017 financial year. Year to date, non-operating expenses are down \$2.03m, or 48.6% on the prior comparative period. The cost associated with the projects undertaken over the past two years is expected to result in long term benefits to the Group, in the form of:

- improved capital management flexibility, which is essential to allow for the efficient management of regulatory capital associated with the Group's operating licenses;
- a robust 3 lines of defence framework that meets the needs of the contemporary Equity Trustees business; and
- a realignment of EQT's superannuation business to focus on EQT's Trustee for Partner offering.

The result is a leaner, more focused organisation that is well positioned to respond to growth opportunities as they arise.

EQT Holdings Limited

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Directors' Report (continued)

Operating model review

Aside from the completion of the business assurance project at 31 December 2016, the operating model review is the Group's other key initiative for the 2017 financial year. The operating model review has a number of objectives, including:

- the assessment of outsourcing opportunities for some operational activities currently performed within the business;
- a change in EQT's front and middle office structures with greater focus on client experience; and
- enhancing product performance and appropriateness to customer needs.

The operating model review is well progressed, and is expected to be materially completed by 30 June 2017.

Year to date, the operating model review has cost \$1.35m, which includes the cost of external assistance in refining the Group's operating model, as well as redundancies arising from the review. Taking into account salary savings achieved to date as a result of operating model changes, it is expected that the review will be approximately cost neutral for the full year ended 30 June 2017, and beneficial for financial year 2018 and beyond. As at 31 December 2016, Group headcount (employees, excluding contractors) has declined by 18% on the prior comparative period, and subject to reasonable market conditions, some benefit from this reduced headcount is anticipated over the second half of the 2017 financial year.

Reported earnings

The reported earnings per share for the half year period was 36.01 cents per share (2015: 35.25 cents per share), a 2.2% increase on the prior corresponding period. Earnings per share is based on the weighted average shares on issue during the period of 20,003,201 (2015: 19,777,396), a 1.1% increase over the prior year. This increase arises from shares issued in relation to:

- participation under the dividend reinvestment plan (DRP) in relation to the 2016 interim and final dividends; and
- participation in employee share acquisition plans, share based remuneration and salary sacrifice share schemes.

Business Unit Performance – Corporate Trustee Services (CTS)

CTS has continued its strong performance, reporting revenue of \$12.46m for the half year, down 0.9% on the prior comparative period of \$12.57m. This result has been achieved despite the exit of the funds distribution business, which contributed revenue of \$2.82m to the CTS half year result at 31 December 2015. The result demonstrates strong growth in the core fiduciary business of 27.8% compared with the prior comparative period. Funds under supervision has grown 28.5% from \$49.4b at 31 December 2015 to \$63.5b at 31 December 2016, accompanied by a net increase of 25 (44 new and 19 closed) funds for which EQT provides responsible entity or other fiduciary services, increasing the total at 31 December 2016 to 237 funds from 212 at 30 June 2016.

Business Unit Performance – Trustee & Wealth Services (TWS)

As expected, 2017 has so far been a transformative year for TWS, with the upgrade and repricing of our superannuation offering, outsourcing of superannuation administration and the announcement of the acquisition of Sandhurst Trustees' Estates business. Revenue is down 9.8% to \$26.6m for the half year ending 31 December 2016, reflecting the exit of superannuation administration, offset by a solid performance in Estates, Trusts and Philanthropy services. During the half year TWS continued to use referral partnerships to grow Equity Trustees' estate planning and will writing services. TWS will also benefit from the recently announced Sandhurst Trustees' Estates business acquisition, which will contribute revenue in particular to these traditional trustee services. TWS funds under management, advice or administration increased by 10.1% from \$8.22b at 31 December 2015¹ to \$9.05b at 31 December 2016.

Sandhurst Trustees' Estates Business Acquisition

On 19 December 2016, the Group announced that it had been successful in bidding to acquire the estates business of Sandhurst Trustees Limited. While this acquisition is not expected to settle until the end of the third quarter of financial year 2017, the acquisition represents the purchase of a highly complementary business to the Group's existing services that will allow EQT to deepen ties with the Bendigo community, and regional Victoria more generally. More information will be provided on the acquisition and integration of this business when results for the full financial year ended 30 June 2017 are reported.

¹ TWS funds under management, advice and administration (FUMAS) for 31 December 2015 has been restated from \$7.54b to \$8.22b. The reporting of FUMAS was standardised in the 30 June 2016 annual report and now includes previously uncounted Superannuation Trustee for Partner FUMAS.

EQT Holdings Limited
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Directors' Report (continued)

Dividends

During the half year period the company paid a fully franked final dividend of 34 cents per share in respect of the financial year ended 30 June 2016.

Subsequent to 31 December 2016, the Directors have declared a fully franked interim dividend of 35 cents per share in respect of the first half of the financial year ending 30 June 2017 (2015: 34 cents, fully franked). This reflects a prudent approach to balance sheet management, giving due consideration to the transitional nature of this year, the need to invest in the operating model review during the first six months of the financial year, and the benefits that are expected to flow to the Group as a result over the remainder of the financial year and beyond.

At 31 December 2016, net assets were \$242.6m, an increase on the position at 30 June 2016 of \$240.8m. The company remains in a strong financial position.

Rounding-off of amounts

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

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 4 of the half year report.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors



Mr Michael J O'Brien
Managing Director
Melbourne,

24 February 2017

24 February 2017

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

Dear Board Members

EQT Holdings Limited

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

As lead audit partner for the review of the financial statements of EQT Holdings Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants

Directors' Declaration

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Mr Michael J O'Brien
Managing Director
Melbourne

24 February 2017

EQT Holdings Limited

ABN 22 607 797 615

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2016**

		Half year ended 31 Dec 2016 \$'000	Half year ended 31 Dec 2015 \$'000
Revenue	2	39,478	42,618
Expenses	3	(27,238)	(30,976)
Finance costs		(215)	-
Depreciation and amortisation		(1,634)	(1,760)
Profit before income tax expense		10,391	9,882
Income tax expense		(3,189)	(2,911)
Profit for the period		7,202	6,971
<u>Other comprehensive income</u>			
Items that may be reclassified subsequently to profit and loss			
Decrease from revaluation of available for sale investments		-	(42)
Income tax relating to components of other comprehensive income		-	13
Total comprehensive income for the period		7,202	6,942
Profit for the period attributable to:			
Owners of the parent entity		7,202	6,971
Total comprehensive income attributable to:			
Owners of the parent entity		7,202	6,942
Earnings per share			
- Basic (cents per share)		36.01	35.25
- Diluted (cents per share)		35.98	35.10

EQT Holdings Limited
ABN 22 607 797 615
Condensed Consolidated Statement of Financial Position
as at 31 December 2016

	Half year ended 31 Dec 2016	Year ended 30 June 2016
Note	\$'000	\$'000
Current assets		
Cash and cash equivalents	52,197	48,723
Trade and other receivables	13,396	11,276
Accrued income and other current assets	6,925	5,556
Current tax receivable	74	-
Total current assets	72,592	65,555
Non-current assets		
Trade and other receivables	411	1,825
Furniture, equipment and leasehold	2,061	1,463
Intangible assets	82,767	83,293
Deferred tax assets	2,529	3,519
Goodwill	102,177	102,177
Total non-current assets	189,945	192,277
Total assets	262,537	257,832
Current liabilities		
Trade and other payables	662	978
Provisions	3,913	5,065
Current tax payable	-	224
Borrowings	-	8,000
Other current liabilities	760	781
Total current liabilities	5,335	15,048
Non-current liabilities		
Provisions	2,397	1,958
Borrowings	12,000	-
Other non-current liabilities	192	72
Total non-current liabilities	14,589	2,030
Total liabilities	19,924	17,078
Net assets	242,613	240,754
Equity		
Issued capital	233,415	231,780
Equity settled benefits reserve	647	832
Retained earnings	8,551	8,142
Equity attributable to owners of the Company	242,613	240,754

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

EQT Holdings Limited
ABN 22 607 797 615
Condensed Consolidated Statement of Changes in Equity
for the half year ended 31 December 2016

	Fully paid ordinary shares \$'000	Reserves			Total Equity \$'000
		Investment revaluation \$'000	Retained earnings \$'000	Other reserves \$'000	
Balance at 1 July 2015	227,652	234	11,249	1,892	241,027
Profit for the period	-	-	6,971	-	6,971
Increase from revaluation of available for sale investments	-	(42)	-	-	(42)
Related income tax	-	13	-	-	13
Total comprehensive income for the period	-	(29)	6,971	-	6,942
Shares issued under employee salary sacrifice share plan	22	-	-	-	22
Shares issued under dividend reinvestment plan	1,642	-	-	-	1,642
Shares issued under employee share acquisition plan	225	-	-	(225)	-
Shares issued under executive share scheme	809	-	-	(809)	-
Share issue costs	(9)	-	-	-	(9)
Related income tax	(2)	-	-	-	(2)
Provision for executive share entitlements	-	-	-	239	239
Provision for employee share acquisition plan	-	-	-	-	-
Payment of dividends	-	-	(9,494)	-	(9,494)
Balance at 31 December 2015	230,339	205	8,726	1,097	240,367
Balance at 1 July 2016	231,780	-	8,142	832	240,754
Profit for the period	-	-	7,202	-	7,202
Total comprehensive income for the period	-	-	7,202	-	7,202
Shares issued under employee salary sacrifice share plan	19	-	-	-	19
Shares issued under dividend reinvestment plan	1,281	-	-	-	1,281
Shares issued under employee share acquisition plan	207	-	-	(207)	-
Shares issued under executive share scheme	135	-	-	(135)	-
Share issue costs	(10)	-	-	-	(10)
Related income tax	3	-	-	-	3
Provision for executive share entitlements	-	-	-	150	150
Provision for employee share acquisition plan	-	-	-	7	7
Payment of dividends	-	-	(6,793)	-	(6,793)
Balance at 31 December 2016	233,415	-	8,551	647	242,613

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

EQT Holdings Limited
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Condensed Consolidated Statement of Cash Flows
for the half year ended 31 December 2016

	Half year ended 31 Dec 2016 \$'000	Half year ended 31 Dec 2015 \$'000
Cash flows from operating activities		
Receipts from customers	40,536	47,173
Payments to suppliers and employees	(32,658)	(41,551)
Income tax paid	(2,494)	(3,752)
Net cash provided by operating activities	5,384	1,870
Cash flows from investing activities		
Proceeds on sale of financial assets	-	5,058
Interest received	400	697
Payment for property, plant and equipment	(910)	(517)
Payment for intangible assets	(65)	(517)
Net cash (used in) / provided by investing activities	(575)	4,721
Cash flows from financing activities		
Proceeds from issues of equity securities	188	1,752
Proceeds from borrowings	4,000	1,000
Payment for share issue costs	(11)	(9)
Dividend paid to members of the parent entity (net of shares issued under the dividend reinvestment plan)	(5,512)	(7,852)
Net cash used in financing activities	(1,335)	(5,109)
Net increase in cash and cash equivalents	3,474	1,482
Cash and cash equivalents at the beginning of the half-year	48,723	24,954
Cash and cash equivalents at the end of the half-year	52,197	26,436
Reconciliation of cash		
Cash and Cash Equivalents	52,197	26,436
	52,197	26,436

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

EQT Holdings Limited
ABN 22 607 797 615
Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016

1. Significant accounting policies

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Rounding of amounts presented

In accordance with ASIC Corporations (*Rounding in Financials/Directors' Reports*) Instrument 2016/191 dated 24 March 2016, amounts presented in these consolidated financial statements and the accompanying Directors' Report have been rounded to the nearest thousand dollars unless otherwise indicated. Comparative information presented has been restated accordingly.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2016, except for the impact of the Australian Accounting Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standard Board (the AASB) that are relevant to its operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2014-4 *'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'*
- AASB 2015-1 *'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'*
- AASB 2015-2 *'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'*

The application of these new and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group have not had any material impact on the amounts recognised in the consolidated financial statements. Some of these new and revised Standards and amendments thereof and Interpretations may result in additional disclosures in the Group's consolidated financial statements.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Restatement of comparative prior information

Where necessary, comparative amounts have been re-classified to conform with current period presentation. In the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, the comparative amounts for expenses have been aggregated together, excluding finance costs, depreciation and amortisation, and disclosed as a single line item. In the prior period, this amount was disaggregated and disclosed separately by nature on the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. The disaggregated amounts of these expenses have been disclosed in note 3 to the financial statements and are individually consistent with the disaggregated expenses disclosed in the prior period. The change was made to better reflect the nature of the operating activities undertaken by the Company.

EQT Holdings Limited
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Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016

2. Revenue

	Half year ended	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Revenue from service activities	39,083	42,077
Other revenue	395	541
	<u>39,478</u>	<u>42,618</u>

3. Expenses

	Half year ended	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Employee benefits expenses	18,204	19,443
Other employment related expenses	1,618	2,219
Audit and tax advice expenses	471	477
Insurance expenses	314	299
Legal, consulting and regulatory expenses	1,228	2,708
Information technology expenses	1,967	2,102
Occupancy expenses	1,502	1,163
Other expenses	1,934	2,565
	<u>27,238</u>	<u>30,976</u>

4. Dividends

	Half year ended			
	2016		2015	
	Cents per share	\$'000	Cents per share	\$'000
<u>Recognised amounts</u>				
Fully paid ordinary shares				
Final dividend - June	34.00	6,793	48.00	9,494
<u>Unrecognised amounts</u>				
Fully paid ordinary shares				
Interim dividend - December	35.00	7,020	34.00	6,751

5. Acquisition of business

Half year ended 31 December 2016

On 19 December 2016, the Group announced that it had acquired the Estates business of Sandhurst Trustees. The acquisition of this business, for an amount of \$5m, is subject to completion conditions. It is expected that these conditions will be fulfilled in the third fiscal quarter of 2017, with the acquisition to then be finalised on or around 31 March 2017. As the purchase remains subject to the fulfilment of these conditions, no amounts have been recognised in these consolidated financial statements in respect of the acquisition.

Half year ended 31 December 2015

There were no acquisitions.

EQT Holdings Limited
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Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016

	Half year ended	
	31 Dec 2016	31 Dec 2015
6. Goodwill		
Gross carrying amount	\$'000	\$'000
Balance at beginning of the interim period	102,177	102,177
Balance at end of the interim period	102,177	102,177
Accumulated impairment losses		
Balance at beginning of the interim period	-	-
Balance at end of the interim period	-	-
Net book value		
At the beginning of the interim period	102,177	102,177
At the end of the interim period	102,177	102,177

7. Borrowings

On 22 December 2016 the Group renewed its unsecured borrowing facility with Australia and New Zealand Banking Group Limited for a two year period. The renewed facility has a committed capacity of \$30m and bears interest at variable market rates. As at 31 December 2016, the amount drawn from this facility was \$12m (as at 30 June 2016: \$8m). During the current period, borrowings have been reclassified as non-current liabilities as a result of the extended facility renewal.

8. Subsequent events

There have been no material subsequent events.

9. Contingent liabilities and contingent assets

As disclosed in the 2016 annual report, the ATO is undertaking a review of the tax treatment of an acquisition in the 2011 financial year. The Group received tax advice in relation to the tax treatment and is of the opinion that the tax treatment is correct. However, the ultimate outcome of the ATO review is not yet known.

Aside from the above, there are no contingent liabilities (2015: nil).

10. Issuances of equity securities

	Half year ended			
	31 Dec 2016		31 Dec 2015	
	No. '000	\$'000	No. '000	\$'000
Fully paid ordinary shares				
Opening balance 1 July	19,959	231,780	19,694	227,652
Shares issued under employee salary sacrifice share plan	1	19	1	22
Shares issued under executive share scheme	11	135	75	809
Shares issued under employee share acquisition plan	11	207	9	225
Shares issued under dividend reinvestment plan (DRP)	73	1,281	76	1,642
Share issue costs net of tax	-	(7)	-	(11)
Closing balance 31 December	20,055	233,415	19,855	230,339

EQT Holdings Limited
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Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016

11. Segment information

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

Trustee and Wealth Services

The provision of personal financial and superannuation services, including in relation to personal estates and trusts, wealth management, philanthropy, asset management, aged care services, and portfolio services.

Corporate Trustee Services

The provision of Responsible Entity trustee services for managed funds on behalf of local and international managers and sponsors.

In the segment financial results, the 'Other' category consists of the various corporate activities which includes central support functions. The disclosure of the 'Other' category has been included for the first time in the current year to reflect the information reported to the Group's Managing Director. Segment comparative information has been re-stated to reflect this change.

Information regarding the Group's reportable segments is presented below. The accounting policies of the reportable segments under AASB 8 are the same as the Group's accounting policies.

The following table is an analysis of the Group's revenue and results from continuing operations by reportable segment. There were no discontinued operations (2015: nil).

	Half year ended	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Segment revenue		
Trustee and Wealth Services	26,628	29,509
Corporate Trustee Services	12,455	12,568
	<u>39,083</u>	<u>42,077</u>
Other	395	541
Total revenue per income statement	<u><u>39,478</u></u>	<u><u>42,618</u></u>
Segment net profit before tax		
Trustee and Wealth Services	6,065	7,243
Corporate Trustee Services	6,074	6,267
	<u>12,139</u>	<u>13,510</u>
Other	(1,748)	(3,628)
Total net profit before tax per statement of income	<u><u>10,391</u></u>	<u><u>9,882</u></u>

The revenue reported above represents revenue generated from external customers. There were no inter-segment revenues (2015: nil).

EQT Holdings Limited
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Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016

12. Financial Instruments

This note provides information about how the Group determines fair values of various financial assets. The Group has no financial liabilities measured at fair value.

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

The Group's available for sale financial assets are measured at fair value at the end of each reporting period. The Group's holdings of available for sale financial assets are as follows:

Type of financial asset	Valuation technique and key inputs	Fair value hierarchy	Fair value at	
			31 Dec 2016 \$'000	31 Dec 2015 \$'000
Available for sale investments				
Managed investment schemes	Unit price published by the managed investment scheme	Level 2	-	5,393

There are no significant unobservable inputs and therefore no relationship of unobservable inputs to fair value.

There were no other transfers between levels in the fair value hierarchy at the end of the reporting period (2015: No change) .

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The Directors consider that the carrying amounts of financial assets and financial liabilities that are not measured at fair value on a recurring basis recognised in the consolidated financial statements approximate their fair values.

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

We have reviewed the accompanying half-year financial report of EQT Holdings Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the director's declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 - 14.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of EQT Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

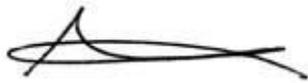
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants

Melbourne, 24 February 2017