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 2017

Financial Results		31 Dec 17 $'000		31 Dec 16 $'000
Revenue from ordinary activities	43,195	Up 9.4%	From	39,478
Statutory profit after tax attributable to shareholders	9,584	Up 33.1%	From	7,202
Earnings per share (cents) – statutory profit (basic)	47.47	Up 31.8%	From	36.01
Dividends		31 Dec 17		31 Dec 16
Interim dividend (amount per security)		40 cents		35 cents
Franked percentage		100%		100%
Key Dates				
Record date for determining entitlement to the dividend		14 March 2018		
Last date for the receipt of an election notice for participation in the DRP		15 March 2018		
Payment date for dividend		29 March 2018		

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. No discount will apply.

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 2017.

Net tangible asset backing per share

The net tangible asset backing per share at 31 December 2017 was $1.92 (2016: $1.81), which is based on shares on issue of 20,274,056 (2016: 20,055,229).

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 2017

On 22 August 2017 EQT Holdings Limited became the parent entity of EQT Corporate Securities Limited.

On 13 September 2017 a United Kingdom domiciled entity was established within the EQT Holdings Limited group called EQT International Holdings (UK) Ltd. On 2 November 2017, EQT International Holdings (UK) Ltd acquired a 60% interest in the ordinary shares of Treasury Capital Limited (TCL). TCL in turn owns 100% of Treasury Capital Fund Solutions Limited (TCFS), a UK-based Authorised Corporate Director (ACD). Further details of this acquisition are contained within the condensed consolidated half-year financial report.

Half year ended 31 December 2016

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

Audit

A review of the condensed consolidated half-year 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 2017

EQT Holdings Limited
ABN 22 607 797 615
Directors' Report

The Directors of EQT Holdings Limited (the Company) present the financial report for EQT Holdings Limited and its subsidiaries (Equity Trustees, EQT, or the Group) for the half year ended 31 December 2017, and the independent auditors' report thereon.

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

The Hon Jeffrey G Kennett AC, Chairman (appointed Chairman on 27 October 2017)
Michael (Mick) J O'Brien, Managing Director
Alice J M Williams
Anne M O'Donnell
D Glenn Sedgwick
James (Jim) R Minto
Kevin J Eley
J A (Tony) Killen OAM, Chairman (retired 27 October 2017)

Review of Operations

For the six months to 31 December 2017 the Directors of Equity Trustees are pleased to report a Group profit before tax of $13.95m, a substantial increase of 34% over the prior corresponding period. Statutory net profit after tax for the half year was $9.58m, up 33% on the prior corresponding period.

During the half year, total revenue was $43.20m, up 9% on the prior corresponding period. The growth in revenue for the half year was a function of solid underlying organic growth in both of the Group's business units, a full six-month revenue contribution of the Sandhurst Trustees' estates business acquisition, which settled in the second half of the 2017 fiscal year, and improved equity markets.

Total expenses for the first six months of the year were $29.25m, up 1% on the prior corresponding period. Total expenses include both operating and non-operating expenses.

Non-operating expenses for the half year were $1.07m, down 50% on the prior corresponding period, and consist of the following:

Non-operating expenses before tax	Half year ended 31 December 2017 $'000	Half year ended 31 December 2016 $'000
M&A Activity	709	87
Restructuring costs (including the 2017 operating model review)	262	1,351
Business Assurance Project	-	705
Other	101	-
Total	1,072	2,143

In the prior period, non-operating costs predominantly related to substantial transformative activities undertaken in the business, such as the operating model review. The operating model review concluded in June 2017, and further information on its objectives and outcomes can be found in the Group's Annual Report for the year ended 30 June 2017.

Non-operating costs during the current period relate predominantly to investments in growing the business, including acquisitions. These acquisitions, which are described further below, serve to open new markets and opportunities to the Group, or allow the Group to further expand its client base in relation to existing activities.

EBITDA Margin

The Group's EBITDA margin, calculated as earnings before interest, tax, depreciation and amortisation, divided by total revenue, has further improved in the current half year, and now stands at 37%. This is a substantial improvement on the EBITDA margin at 31 December 2016 of 31%.

EQT Holdings Limited
ABN 22 607 797 615
Directors' Report (continued)

Reported earnings

The reported earnings per share for the half year period was 47.47 cents per share (2016: 36.01 cents per share), a 32% increase on the prior corresponding period.

The weighted average shares on issue during the period of 20,187,895 (2016: 20,003,201), represented a 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 2017 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 $12.94m for the half year, up 4% on the prior comparative period of $12.46m. CTS has continued to grow at a solid rate for the half year, seeing a 14% increase in the total number of funds supervised, as well as a 5% increase in the total number of fund manager clients who use Equity Trustees. Funds under supervision (FUS), a key revenue driver for this business, has grown modestly to $65.5b, an increase of 3% on funds under supervision as at 31 December 2016, although the exit of one large client during this period masks much stronger underlying revenue growth. The addition of new FUS and fund manager clients to the CTS business continues to improve an already well diversified client base with broad exposure to all investment market sectors.

CTS continues to build momentum in its Structured Finance and Corporate Trust business, offering services to over 30 institutional clients. The Group now has a growing footprint in this market and will continue to pursue the significant untapped opportunity that exists.

The CTS business has undertaken two strategically important acquisitions over the last six months, the particulars of which are as follows:

Acquisition of Treasury Capital Limited
On 13 October 2017, the Group announced that it had acquired a 60% stake in UK-based Treasury Capital Limited (TCL), a provider of independent fund governance services to the funds management industry. The acquisition of TCL, which settled on 2 November 2017, represents the Group's strategic entry into the UK and Irish markets for fund governance services. TCL remains minority owned by its executive managers, who are highly skilled and well regarded operators in the UK market. The acquisition of TCL has allowed the Group to offer its domestic and international client base the opportunity to partner with Equity Trustees in other significant global funds management jurisdictions. The acquisition is expected to contribute to earnings from the second half of the 2019 fiscal year and thereafter.

Acquisition of OneVue RE Services Limited
On 25 October 2017, the Group announced that it was acquiring the responsible entity operations of OneVue Holdings Limited. The acquisition will see a number of new domestic and international fund managers become clients of the Group's CTS business. The acquisition is subject to a number of conditions and is expected to complete in the second half of the 2018 financial year. It is anticipated that the acquisition will be accretive to earnings on an immediate basis upon completion.

Business Unit Performance – Trustee & Wealth Services (TWS)

The TWS business has performed strongly over the first half of the 2018 financial year. Revenue has grown 12% compared with the prior period, which is a function of:

- client number increases and increases in funds under management in almost all divisions of TWS's operations;
- particularly strong growth in trustee appointments for compensation trusts, with the number of clients growing 8% and strong corresponding FUM growth on the PCP;
- increasing momentum with EQT's living donor program, a new service offered by EQT which seeks to support high net worth individuals by giving focus to and maximising the impact of their philanthropy;
- changes to the estate administration workflow that have shortened the total amount of time taken from initiation to distribution. These changes have led to improved outcomes for beneficiaries;
- the contribution from revenue associated with the acquired Sandhurst Trustees estates business. Integration of the estates business was completed by 30 June 2017, and as expected, this acquisition has been earnings accretive from 1 July 2017;

EQT Holdings Limited
ABN 22 607 797 615
Directors' Report (continued)

Business Unit Performance – Trustee & Wealth Services (TWS) (continued)

- the successful appointment of the Group as Trustee to the AON Master Trust in November 2017, effectively doubling the size of the Group's superannuation trustee business.

The TWS result has also been bolstered by productivity improvements arising from the operating model review completed last financial year. Taking these factors into account, segment net profit before tax for TWS has increased by 44% on the prior comparative period, an outstanding result.

Financial Position

Overall, the Group's financial position has strengthened during the first six-months of the financial year. At 31 December 2017, net assets increased to $250.15m, up 2% from $245.25m at 30 June 2017. Net tangible asset backing per share has increased 6% to $1.92 from $1.81 at 31 December 2016.

Borrowings are unchanged from 30 June 2017 at $15m, and a new three-year debt facility was agreed during the half-year with the Group's lending bank with a committed capacity of $40m (previously $30m). It is expected that the increased funding line will better enable the Group to take advantage of acquisition opportunities as they arise, as well as accommodate any shorter term lending requirements.

Return on Equity

The Group's post-tax return on equity (ROE) has continued to improve over the first half of the 2018 financial year. The table below sets out the Group's ROE over the last four half years, calculated as net profit after tax attributable to owners of the Company, divided by total equity attributable to owners of the Company.

	31 December 2017	30 June 2017	31 December 2016	30 June 2016
Return on equity (post-tax, annualised, calculated at the half)	7.7%	6.3%	5.9%	5.5%
Change on previous period	22.2%	6.8%	7.3%	(5.2%)

Key Performance Drivers

During the first six months of the financial year, the Group has continued to develop, and focus on growth through its key performance drivers. Management and the Board consider that positive trajectory in these key performance drivers will guide the Group towards achieving high levels of client and employee satisfaction, a deep and rich engagement with the community, and strong financial performance for shareholders. Keeping these measures front of mind enables the Group to focus on what is important, and in turn deliver sustainable earnings and ROE growth into the future.

Current scores for each measure are as follows:

	Driver	Current Measure	% change on PCP	Next reviewed
T1	Improve Client Satisfaction (NPS[1])	+ 12	n/a	April 2018
T2	Lifting Employee Engagement	58%	18% increase	April 2018
T3	Increase Total FUMAS	$78.6b	8.4% increase	June 2018
T4	Growing Sales Value	CTS[3] – 10 new funds managers, 38 new funds TWS Private Clients – 946 new clients TWS Superannuation - ~100,000 new members		June 2018
T5	Enhancing EBITDA Margin	37.2%	20.0% increase	June 2018
T6	Deepening Community Impact	$66.5m	4% decrease (Normalised[2] +6%)	June 2018

[1]NPS = net promoter score
[2]Normalised adjusts for inclusion of a one-off grant in FY16 of $8m
[3]For the 12 months to 31 December 2017

Pleasingly, all measures are trending in a positive direction. Most drivers are scheduled to be remeasured late in the 2018 financial year and Management and the Board look forward to seeing the updated results in due course.

Dividends

During the half year period a fully franked final dividend of 36 cents per share was paid to ordinary shareholders of the Company in respect of the financial year ended 30 June 2017.

Subsequent to 31 December 2017, the Directors have declared a fully franked interim dividend of 40 cents per share in respect of the first half of the financial year ending 30 June 2018 (2016: 35 cents, fully franked). The 14% uplift in dividend compared to the prior comparative period reflects the improved financial performance of the Group, evidenced in the first half of the 2018 financial year, and this momentum is expected to continue in the period ahead.

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 5 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

20 February 2018

Deloitte.

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20 February 2018

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 2017, 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

DELOITTE TOUCHE TOHMATSU

M Stretton

Mark Stretton
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

20 February 2018

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 2017

	Note	31 Dec 2017 $'000	31 Dec 2016 $'000
Revenue	2	43,195	39,478
Expenses	3	(27,146)	(27,238)
Finance costs		(388)	(215)
Depreciation and amortisation		(1,714)	(1,634)
Profit before income tax expense		**13,947**	**10,391**
Income tax expense		(4,410)	(3,189)
Profit for the period		**9,537**	**7,202**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Foreign exchange translation differences for foreign operations		25	-
Total comprehensive income for the period		**9,562**	**7,202**
Profit for the period attributable to:			
Equity holders of the Company		9,584	7,202
Non-controlling interests		(47)	-
		9,537	**7,202**
Total comprehensive income attributable to:			
Equity holders of the Company		9,609	7,202
Non-controlling interests		(47)	-
		9,562	**7,202**
Earnings per share			
- Basic (cents per share)		**47.47**	**36.01**
- Diluted (cents per share)		**47.33**	**35.98**

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 Financial Position
as at 31 December 2017

	Note	31 Dec 2017 $'000	30 June 2017 $'000
Current assets			
Cash and cash equivalents		49,122	40,328
Trade and other receivables		11,682	11,119
Accrued income and other current assets		10,065	6,828
Other financial assets		7,100	18,044
Current tax receivable		520	-
Total current assets		**78,489**	**76,319**
Non-current assets			
Trade and other receivables		108	555
Furniture, equipment and leasehold		8,102	4,861
Intangible assets		83,762	84,632
Goodwill	6	127,461	125,743
Total non-current assets		**219,433**	**215,791**
Total assets		**297,922**	**292,110**
Current liabilities			
Trade and other payables		1,829	2,511
Provisions		5,199	5,824
Other current liabilities		61	445
Current tax payable		-	1,353
Total current liabilities		**7,089**	**10,133**
Non-current liabilities			
Provisions		2,294	2,278
Borrowings	7	15,000	15,000
Other non-current liabilities		2,472	374
Deferred tax liabilities		20,914	19,077
Total non-current liabilities		**40,680**	**36,729**
Total liabilities		**47,769**	**46,862**
Net assets		**250,153**	**245,248**
Equity			
Issued capital	10	237,180	234,586
Reserves		1,172	897
Retained earnings		12,100	9,765
Equity attributable to owners of the Company		**250,452**	**245,248**
Non-controlling interest		**(299)**	**-**
Total Equity		**250,153**	**245,248**

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 2017

	Fully paid ordinary shares $'000	Retained earnings $'000	Other reserves $'000	Currency translation $'000	Attributable to Equity Holders of the Company $'000	Non-controlling interest $'000	Total Equity $'000
Balance at 1 July 2016	**231,780**	**8,142**	**832**	**-**	**240,754**	**-**	**240,754**
Profit for the period	-	7,202	-	-	7,202	-	7,202
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**7,202**	**-**	**-**	**7,202**	**-**	**7,202**
Shares issued under employee salary sacrifice share plan	19	-	-	-	19	-	19
Shares issued under dividend reinvestment plan	1,281	-	-	-	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)	-	(10)
Related income tax	3	-	-	-	3	-	3
Provision for executive share entitlements	-	-	150	-	150	-	150
Provision for employee share acquisition plan	-	-	7	-	7	-	7
Payment of dividends	-	(6,793)	-	-	(6,793)	-	(6,793)
Balance at 31 December 2016	**233,415**	**8,551**	**647**	**-**	**242,613**	**-**	**242,613**
Balance at 1 July 2017	**234,586**	**9,765**	**897**	**-**	**245,248**	**-**	**245,248**
Profit/(loss) for the period	-	9,584	-	-	9,584	(47)	9,537
Foreign exchange translation differences for foreign operations	-	-	-	25	25	-	25
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**9,584**	**-**	**25**	**9,609**	**(47)**	**9,562**
Non-controlling interest arising on the acquisition of Treasury Capital Limited	-	-	-	-	-	(252)	(252)
Shares issued under employee salary sacrifice share plan	20	-	-	-	20	-	20
Shares issued under dividend reinvestment plan	2,339	-	-	-	2,339	-	2,339
Shares issued under employee share acquisition plan	196	-	(196)	-	-	-	-
Shares issued under executive share scheme	50	-	(50)	-	-	-	-
Share issue costs	(16)	-	-	-	(16)	-	(16)
Related income tax	5	-	-	-	5	-	5
Provision for executive share entitlements	-	-	381	-	381	-	381
Provision for employee share acquisition plan	-	-	115	-	115	-	115
Payment of dividends	-	(7,249)	-	-	(7,249)	-	(7,249)
Balance at 31 December 2017	**237,180**	**12,100**	**1,147**	**25**	**250,452**	**(299)**	**250,153**

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 Cash Flows
for the half year ended 31 December 2017

	Note	31 Dec 2017 $'000	31 Dec 2016 $'000
Cash flows from operating activities			
Receipts from customers		45,066	40,536
Payments to suppliers and employees		(32,711)	(32,659)
Income tax paid		(3,657)	(2,494)
Net cash provided by operating activities		**8,698**	**5,383**
Cash flows from investing activities			
Proceeds on sale of financial assets		10,945	-
Interest received		395	400
Payment for property, plant and equipment		(3,629)	(910)
Payment for intangible assets		(310)	(65)
Payment for acquisitions		(2,339)	-
Net cash provided by / (used in) investing activities		**5,062**	**(575)**
Cash flows from financing activities			
Proceeds from issues of equity securities		-	188
Proceeds from borrowings		-	4,000
Payment for share issue costs		(16)	(10)
Dividend paid to members of the parent entity (net of shares issued under the dividend reinvestment plan)		(4,909)	(5,512)
Net cash used in financing activities		**(4,925)**	**(1,334)**
Net increase in cash and cash equivalents		**8,835**	**3,474**
Cash and cash equivalents at the beginning of the half-year		**40,328**	**48,723**
Exchange rate fluctuations on foreign cash balances		**(41)**	**-**
Cash and cash equivalents at the end of the half-year		**49,122**	**52,197**

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

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 condensed 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 Group's accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. 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 2017, with two exceptions:

- as a result of the acquisition of Treasury Capital Limited (TCL), the Group has determined an accounting policy for foreign currencies; and
- impacts arising from new and revised Accounting Standards and Interpretations during the period.

The effects of these items on the half-year financial report are described below.

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 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle*

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 condensed consolidated financial statements. Some of these new and revised Standards and amendments thereof and Interpretations may result in additional disclosures in the Group's annual financial report for the year ending 30 June 2018.

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

New accounting policy – foreign currencies
In preparing the financial statements of each individual Group entity, transactions in currencies other than each entities' functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1. Significant accounting policies (cont'd)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these condensed consolidated half-year financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Change in accounting policy – deferred tax measurement relating to indefinite life intangible assets

In November 2016, the IFRS Interpretations Committee issued its agenda decision related to the expected manner of recovery of indefinite life intangible assets. The Committee was asked to clarify how an entity determines the expected manner of recovery of an intangible asset with an indefinite useful life for deferred tax measurement purposes. The Committee indicated that the fact that an entity does not amortise an indefinite life intangible asset does not necessarily mean that the carrying amount will be recovered only through sale and not use. Therefore the entity should determine the expected manner of recovery of the carrying amount of the intangible asset.

For periods ending on 31 December 2016 or earlier, the Group measured deferred tax liabilities relating to indefinite life intangible assets on the assumption of the tax consequences that would arise solely from the sale of the assets. Under the revised policy implemented from 30 June 2017 onwards, the Group considers its expected manner of recovery.

The impact of these changes on the results previously disclosed at 31 December 2016 was to increase goodwill and deferred tax liabilities by $21,279,000. These changes have been reflected in the Statement of Financial Position for both the current and prior period balances presented in these condensed consolidated half-year financial statements.

2. Revenue

	31 Dec 2017 $'000	31 Dec 2016 $'000
Revenue from service activities	42,650	39,083
Other revenue	545	395
	43,195	39,478

3. Expenses

Employee benefits expenses	18,598	18,204
Other employment related expenses	493	1,618
Audit and tax advice expenses	736	471
Insurance expenses	282	314
Legal, consulting and regulatory expenses	1,894	1,228
Information technology expenses	2,131	1,967
Occupancy expenses	1,101	1,502
Other expenses	1,911	1,934
	27,146	27,238

4. Dividends

Fully paid ordinary shares	Date of payment	Cents per share	Total $'000
Recognised amounts			
Final 2017 dividend (fully franked)	10 October 2017	36	7,249
Interim 2017 dividend (fully franked)	31 March 2017	35	7,020
Unrecognised amounts			
Interim 2018 dividend (fully franked)	29 March 2018	40	8,110

5. Acquisitions

Half year ended 31 December 2017
Acquisition of TCL

On 13 October 2017, the Group announced that it had acquired a 60% stake in UK-based TCL, a provider of independent fund governance services to the funds management industry. The acquisition of TCL settled on 2 November 2017 and has allowed the Group to expand the offerings of its Corporate Trustee Services business into the UK market. Initial accounting for the acquisition of TCL has only been provisionally determined at the half year end. At the date of finalisation of these condensed consolidated financial statements the necessary valuations of assets acquired had not been completed and have therefore been provisionally determined based on the Directors' best estimate of the likely values.

5. Acquisitions (cont'd)

Consideration	**31 Dec 2017 $'000**
Cash consideration in exchange for 60% of TCL ordinary equity	1,300
Cash consideration in exchange for 100% of TCL preference shares	1,810
Total cash	3,110

As part of the acquisition of TCL, the Group acquired all outstanding preference shares of the entity. These shares entitle the holder to semi-annual preferred dividends.

Assets acquired and liabilities assumed at the date of acquisition (determined provisionally)	
Assets	
Cash and cash equivalents	1,021
Intangible assets	164
Other assets	124
Liabilities	
Other liabilities	(130)
	1,179

For the current financial year there were no trade receivables acquired or contractual cash flows not expected to be collected (2016: nil).

Goodwill arising on acquisition (determined provisionally)	
Consideration	3,110
plus non-controlling interests	(252)
less fair value of identifiable net assets acquired	(1,179)
Goodwill arising on consolidation	1,679

Goodwill arose in relation to the acquisition of TCL and this included a control premium. In addition, the consideration paid effectively includes amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of TCL. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria. Goodwill has been determined on a provisional basis noting that accounting for the acquisition of TCL has only been determined on a provisional basis as at 31 December 2017.

Net cash outflow arising on acquisition	**31 Dec 2017 $'000**
Consideration paid in cash	3,110
less cash and cash equivalent balances acquired	(1,021)
	2,089

Impact of acquisition on the results of the Group

For the half year ended 31 December 2017, the amount included in the profit after tax attributable to the TCL acquisition is a loss of $142,000; revenue for the same period included $83,000 in respect of TCL.

5. Acquisitions (cont'd)

Acquisition of OneVue RE Services Limited

On 25 October 2017, the Group announced that it had acquired the responsible entity operations of OneVue Holdings Limited. The business will be acquired for an amount of $3.5m, with an initial $0.25m deposit paid. The acquisition is subject to completion conditions which are expected to be fulfilled by 31 March 2018, with the acquisition to be finalised on or around 1 April 2018. As the acquisition is subject to the fulfilment of conditions, other than the deposit, no amounts have been recognised in these consolidated financial statements in respect of the acquisition, as at the end of the half-year period.

Acquisition Costs
Acquisition related costs incurred in the half year ended 31 December 2017 are $709,000 (2016: $87,000).

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, settled on 31 March 2017 on satisfaction of the completion conditions. Refer to the 30 June 2017 Annual Report for further information.

6. Goodwill

	31 Dec 2017 $'000	31 Dec 2016 $'000
Cost	127,461	123,456
Accumulated impairment losses	-	-
	127,461	123,456
Opening balance 1 July	125,743	123,456
Amounts recognised during the interim period	1,679	-
Effects of foreign currency exchange differences	39	-
Closing balance 31 December	127,461	123,456

7. Borrowings

On 22 December 2017, the Group renewed its unsecured borrowing facility with Australia and New Zealand Banking Group Limited for a three year period. The renewed facility has a committed capacity of $40m and bears interest at variable market rates. As at 31 December 2017, the amount drawn from this facility was $15m (as at 30 June 2017: $15m).

8. Subsequent events

There have been no material subsequent events.

9. Contingent liabilities and contingent assets

As disclosed in the 2017 Annual Report, the ATO reviewed the tax treatment of an acquisition made by the Group in the 2011 financial year that gave rise to a right to future income deduction. At the time, the Group received tax advice that the tax deduction was allowable, and accordingly was, and remains of the opinion that the tax deduction has been correctly calculated and claimed.

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

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

The possible outflow that may occur as a result of this matter is in the range of nil to $2,100,000. Although the objection process is underway, in accordance with legal requirements, the Group made a payment of 50% of the primary tax in dispute ($783,570) to the ATO in November 2017 on a without prejudice basis. The amount has been recognised as a current tax asset in the Statement of Financial Position as at 31 December 2017.

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

Apart from the above, there are no other contingent liabilities (2016: nil).
There are no contingent assets (2016: nil)

10. Issuances of equity securities

	31 Dec 2017		31 Dec 2016	
Fully paid ordinary shares	**No. '000**	**$'000**	**No. '000**	**$'000**
Opening balance 1 July	20,125	234,586	19,959	231,780
Shares issued under employee salary sacrifice share plan	1	20	1	19
Shares issued under executive share scheme	3	50	11	135
Shares issued under employee share acquisition plan	11	196	11	207
Shares issued under dividend reinvestment plan (DRP)	134	2,339	73	1,281
Share issue costs net of tax	-	(11)	-	(7)
Closing balance 31 December	20,274	237,180	20,055	233,415

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 *Operating Segment* 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.

11. Segment information (cont'd)

Corporate Trustee Services

The provision of Responsible Entity, structured finance and corporate trustee services for domestic and international fund managers and corporates.

In the segment financial results, the 'Other' category consists of the various corporate activities which includes central support functions.

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 (2016: nil).

	31 Dec 2017 $'000	31 Dec 2016 $'000
Segment revenue		
Trustee and Wealth Services	29,859	26,628
Corporate Trustee Services	12,943	12,455
	42,802	39,083
Other	393	395
Total revenue per statement of profit or loss	43,195	39,478

The revenue reported above represents revenue generated from external customers. There were no inter-segment revenues (2016: nil).

	31 Dec 2017 $'000	31 Dec 2016 $'000
Segment net profit before tax		
Trustee and Wealth Services	8,762	6,065
Corporate Trustee Services	5,895	6,074
	14,657	12,139
Other	(710)	(1,748)
Total net profit before tax per statement of profit or loss	13,947	10,391

Geographical Information

The Group operates in two geographical locations, Australia (Group's Country of domicile) and the United Kingdom. Revenues and non-current assets associated with the Group's UK operations are not material to the Group as a whole, and therefore the amounts have not been separately disclosed as at 31 December 2017.

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 2017 $'000	Fair value at 31 Dec 2016 $'000
Available for sale investments				
Managed investment schemes	Unit price published by the managed investment scheme	Level 2	7,100	-

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 (2016: Nil).

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.

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of EQT Holdings Limited, which comprises the condensed statement of financial position as at 31 December 2017, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' 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 6 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of EQT Holdings Limited 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* ("ASRE 2410"), 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 2017 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.

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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 2017 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

DELOITTE TOUCHE TOHMATSU

M Stretton

Mark Stretton
Partner
Chartered Accountants

Melbourne, 20 February 2018