Issue Date: 25 February 2019



APPENDIX 4D

EQT Holdings Limited ABN 22 607 797 615

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

| PERFORMANCE | 31 DECEMBER 2018 \$'000 | 31 DECEM | 1BER 2017 \$'000 |
|---|----------------------------|------------------|---------------------|
| Revenue from ordinary activities | 46,302 | Up 7.2% From | 43,195 |
| Profit after tax from ordinary activities attributable to members | 11,241 | Up 17.3% From | 9,584 |
| Net profit for the period attributable to members | 11,241 | Up 17.3% From | 9,584 |
| Earnings per share attributable to members (cents per share) | 55.13 | Up 16.1% From | 47.47 |
| | 31 DECEMBER 2018 | 31 DECEM | IBER 2017 |
| DIVIDENDS | CENTS PER SHARE | CENTS PE | |
| Interim Dividend | | | |
| | CENTS PER SHARE | | R SHARE |
| Interim Dividend | CENTS PER SHARE | | R SHARE 40 |
| Interim Dividend Franked percentage | CENTS PER SHARE | CENTS PE | R SHARE 40 |
| Interim Dividend Franked percentage KEY DATES Record date for determining entitlements to the Interim | CENTS PER SHARE | CENTS PE | 40 100% |



The Directors have declared a fully franked Interim dividend of 44 cents per share. The Directors have also declared that the Dividend Reinvestment Plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average market price of EQT traded shares on the first five days of EQT share trading after the Record Date. A 1.25% discount will be applied.

ASX ADDITIONAL INFORMATION

Additional information, current as at 31 December 2018, and not shown elsewhere in this report, follows:

NET TANGIBLE ASSETS PER SHARE

| NET TANGIBLE ASSETS PER SHARE ¹ | 31 DECEMBER 2018 | 31 DECEMBER 2017 |
|--|------------------|------------------|
| Net tangible asset backing per share | \$2.30 | \$1.92 |

¹Based on shares on issue at 31 December 2018 of 20,440,699 (31 December 2017: 20,274,056).

CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

HALF-YEAR ENDED 31 DECEMBER 2018

There were no material entities where control was gained or lost during the period.

HALF-YEAR ENDED 31 DECEMBER 2017

On 13 October 2017, the Group announced that it had acquired 60% of the ordinary equity of UK-based Treasury Capital Limited (now known as Equity Trustees (UK & Europe) Limited), and its subsidiary, Treasury Capital Fund Solutions Limited (now known as Equity Trustees Fund Services Ltd (ETFS)). The acquisition settled on 2 November 2017 and has allowed the Group to expand the offerings of its Corporate Trustee Services business into the UK and European markets.

On 25 October 2017, the Group announced that it had signed and agreed to acquire 100% of the shares of OneVue RE Services Limited. The acquisition resulted in a number of new responsible entity and trustee clients, with approximately \$2.7b of funds under supervision. The acquisition was completed on 29 March 2018.

Other than as described above, there were no material entities where 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

Additional Appendix 4D disclosure requirements can be found in the half year Report, which contains the Directors' Report and the 31 December 2018 Financial Statements and accompanying notes.

For a comprehensive overview of the half year 2019 results, please refer to the separate ASX release covering the Announcement of Results and Shareholder Presentation.

CONSOLIDATED FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018



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 2018, 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
- Michael (Mick) J O'Brien, Managing Director
- Alice J M Williams
- Anne M O'Donnell
- Kevin J Eley
- D Glenn Sedgwick
- James (Jim) R Minto
- Timothy (Tim) E D Hammon (appointed 1 December 2018)

OPERATING AND FINANCIAL REVIEW OF THE GROUP

STRATEGY

Established in 1888, Equity Trustees aims to be Australia's leading independent specialist provider of Trustee services. The Group has acted in a trusted role for individuals, trusts and corporations for 130 years.

The Group has two business units under which we offer our services to both retail and corporate clients:

- Corporate Trustee Services (CTS) provides a range of global fiduciary services for managed investment funds on behalf of local and international fund managers and sponsors, as well as specialised Trustee services for corporates and structured multi-party transactions
- Trustee & Wealth Services (TWS) provides a range of Private Client, Philanthropic and Superannuation services including estate planning and management; charitable, compensation, indigenous and personal trust services; wealth management and advice.

The Group's vision is to become Australia's leading independent, specialist trustee company, and a significant global player in fund governance services. The Group's strategy is underpinned by delivering to all our stakeholders with four key targets, known as the T4, summarised as follows:



T2 LIFTING EMPLOYEE ENGAGEMENT

T3
GROWING
SHAREHOLDER
VALUE

T4
DEEPENING
COMMUNITY
IMPACT

T1 IMPROVING CLIENT SATISFACTION

Measures

Net promoter score (NPS) Net loyalty score (NLS)

Update as at 31 December 2018

The Group's most recent survey showed a net promoter score of +12 and increased net loyalty score from +5 to +15, when compared with the prior corresponding period. NPS and NLS are due to be formally measured again in the second half of the 2019 financial year.

Commentary

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

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

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

While no remeasurement of either NPS or NLS occurred during the first half of the financial year, the Group has continued to invest in initiatives to strengthen our customer satisfaction, including through implementing new technologies to make it easier to manage client relationships through the client lifecycle, as well as training and development for front line staff. The Group has established a Client Satisfaction Steering Committee to drive consistent, good client outcomes across the business. We look forward to receiving the results of our client satisfaction survey in April 2019.

T2 LIFTING EMPLOYEE ENGAGEMENT

Measures

Employee engagement Employee enablement

Update as at 31 December 2018

Engagement scores have increased by 16% and enablement scores have increased by 11% compared with the prior corresponding period. In particular, the Group's enablement scores exceed the industry norm. Employee engagement is due to be formally measured again in the second half of the 2019 financial year.

Commentary

The Group's second target relates to employee engagement and is measured with reference to both employee engagement and enablement scores, which are measured via a formal process, a minimum of once per year.

The Group appreciates that delivering a sustainable, outstanding level of client service, requires well-trained, empathetic people who are dedicated to delivering good outcomes for clients.

The Group has implemented several employee related initiatives over the past six months. These include:

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

Feedback associated with these initiatives has been positive and the Group will continue to look for opportunities to further grow employee engagement.

T3 GROWING SHAREHOLDER VALUE

Measures

Earnings per share

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

Update as at 31 December 2018

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

T4 DEEPENING COMMUNITY IMPACT

Measures

Value of granting supported

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

Update as at 31 December 2018

For the 30 June 2018 financial year, the Group supported the granting of \$76m, plus a further \$11m in bequests. Granting activity will be measured again at the end of the 2019 financial year. Measures for employee community impact initiatives will be provided for the first time in the Group's 30 June 2019 annual report.

Commentary

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

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

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

Some of the key initiatives undertaken during the past six-months to demonstrate how we are continuing to deepen our impact include:

- Completing the development of our first ever Annual Giving Review (launching publicly in March 2019), outlining our giving in detail and how our responsible stewardship of the funds adds value to the sector;
- Creating our first ever Impact Measurement Framework, to start identifying how we can work with the charitable and NFP sector to better measure the impact they are delivering with the funds received from Equity Trustees.

GROUP FINANCIAL PERFORMANCE

Results and Dividends

| FINANCIAL SUMMARY | HY19 \$'000 | HY18 \$'000 | HY19 V HY18 \$'000 | HY19 V HY18 % |
|--|----------------|----------------|--------------------------|---------------------|
| Revenue | 46,302 | 43,195 | 3,107 | 7.2% |
| Total expenses | 30,120 | 29,248 | 872 | 3.0% |
| Net Profit Before Tax (NPBT) | 16,182 | 13,947 | 2,235 | 16.0% |
| Net Profit After Tax (NPAT) | 10,885 | 9,537 | 1,348 | 14.1% |
| Loss attributable to non-controlling interest | (356) | (47) | (309) | 657.4% |
| NPAT attributable to equity holders of the Company | 11,241 | 9,584 | 1,657 | 17.3% |
| NPBT margin | 34.9% | 32.3% | | 8.1% |
| VALUE CREATION MEASURES | | | | |
| Earnings Per Share (EPS) (cents) | 55.13 | 47.47 | 7.66 | 16.1% |
| Dividends per share (cents) (Paid and proposed) | 44 | 40 | 4 | 10% |
| Return on equity using NPAT | 8.7% | 7.7% | | 13.0% |

For the six months to 31 December 2018, the Directors of Equity Trustees are pleased to report a Group profit before tax of \$16.2m, an increase of 16.0% over the prior corresponding period. Statutory net profit after tax attributable to equity holders of the Company for the half-year was \$11.2m, up 17.3% on the prior corresponding period.

During the half-year, total revenue was \$46.3m, up 7.2% on the prior corresponding period. Revenue growth has been driven by organic growth in both Trustee Wealth Services and Corporate Trustee Services during the first half of the financial year, and the contribution of prior year acquisitions of OneVue RE Services Limited (now known as EQT Responsible Entity Services Limited, (EQTRES)) and Treasury Capital Limited (now known as Equity Trustees (UK & Europe) Ltd (EQTUK)).

Revenue growth has been tempered during the first-half of the financial year by weaker than expected equity markets. The majority of the Group's income streams are asset value based and are primarily exposed to movements in domestic equities, and to a lesser degree to global equity markets.

For the first time, revenue streams presented in these financial statements are shown at a greater level of disaggregation than they have been previously. This change relates to the adoption of AASB 15 Revenue from Contracts with Customers, and the financial statements now present revenues by the key categories of services provided by the Group. These changes are evident in the business unit performance section of this Directors' Report, as well as in the notes to the financial statements.

Total expenses for the first six-months of the year were \$30.1m, up 3.0% on the prior corresponding period. Total expenses include both operating and non-operating expenses. Non-operating expenses make up \$0.1m of total expenses and have reduced substantially on the prior comparative period predominantly as a function of less M&A activity during the first six-months of this financial year.

In the prior period, non-operating costs predominantly related to M&A activity associated with the acquisitions of EQTRES and EQTUK. The Group continues to look for opportunities to complement organic growth with selective, value creating inorganic growth opportunities.

The Group's overarching approach to expense management is one of prudence. A level of expense growth is expected to support the growing client base of the Group, however, business cases for new expense continue to be thoroughly scrutinised and must demonstrate a strong nexus to advancing the Group's four strategic pillars.

EBITDA and NPBT 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 40.2%. This is a continued improvement on the EBITDA margin at 31 December 2018 of 37.3%.

Similarly, the group's net profit before tax margin has increased to 34.9%, compared to 32.3% in the prior comparative period. This reflects a continued focus on sustainable revenue growth, and a measured approach to expense growth.

Reported Earnings

The reported earnings per share for the half-year period was 55.13 cents per share (2017: 47.47 cents per share), a 16.1% increase on the prior corresponding period.

The weighted average shares on issue during the period of 20,388,980 (2017: 20,187,895), represents a 1.0% 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 2018 interim and final dividends; and
- participation in employee share acquisition plans, share based remuneration and salary sacrifice share schemes.

Dividends

During the half-year period a fully franked final dividend of 42 cents per share was paid to ordinary shareholders of the Company in respect of the financial year ended 30 June 2018.

Subsequent to 31 December 2018, the Directors have declared a fully franked interim dividend of 44 cents per share in respect of the first half of the financial year ending 30 June 2019 (first half of financial year 30 June 2018: 40 cents, fully franked). The 10% uplift in dividend compared to the prior comparative period reflects the continued, improved financial performance of the Group.

It is an 80% dividend payout ratio which is in the middle of the Group's dividend policy payout range of 70-90% of NPAT.

FINANCIAL POSITION

Net Assets and Net Tangible Assets

Overall, the Group's financial position has strengthened during the first six-months of the financial year. At 31 December 2018, net assets increased to \$258.9m, up 2.0% from \$253.9m at 30 June 2018. Net tangible asset backing per share has increased 19.8% to \$2.30 from \$1.92 at 31 December 2017.

Borrowings

Borrowings have declined from \$20m at 30 June 2018 to \$16m at 31 December 2018. The term on the Group's borrowing facilities expires in December 2020. The undrawn component of \$24m remains available to provide funding flexibility and to support inorganic growth opportunities should they arise.

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 five half-years, calculated as net profit after tax attributable to owners of the Company, divided by total equity attributable to owners of the Company.

| RETURN ON EQUITY | 31 DEC 2018 | 30 JUN 2018 | 31 DEC 2017 | 30 JUN 2017 | 31 DEC 2016 |
|--|-------------|-------------|-------------|-------------|-------------|
| Return on equity (post- tax, annualised, calculated at the half) | 8.7% | 7.7% | 7.7% | 6.3% | 5.9% |
| Change on previous period | 13.0% | - | 22.2% | 6.8% | 7.3% |

CASH FLOW

| FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 | HY19 \$'000 | HY18 \$'000 |
|--|----------------|----------------|
| Cash from operating activities | | |
| Receipts from customers | 51,789 | 45,066 |
| Payment to suppliers and employees | (35,895) | (32,711) |
| Operating cash flow before income tax | 15,894 | 12,355 |
| Income tax paid | (7,781) | (3,657) |
| Net cash from operating activities after income tax | 8,113 | 8,698 |
| Dividends paid to members of the Company | (6,606) | (4,909) |
| Redemption/(investment) in liquid investments | - | 10,945 |
| Net payments for assets and acquisitions | (247) | (6,278) |
| Proceeds from/(repayments of) borrowings | (4,000) | - |
| Interest received | 485 | 395 |
| Other cash flows | (15) | (16) |
| Net increase/(decrease) in cash and cash equivalents | (2,270) | 8,835 |
| Cash and cash equivalents at the beginning of the financial year | 60,651 | 40,328 |
| Exchange fluctuations on foreign cash balances | 15 | (41) |
| Cash and cash equivalents at the end of the financial year | 58,396 | 49,122 |

Cash Flow Analysis

The Group's cash position has strengthened relative to the half-year ending 31 December 2017, in terms of both closing cash (up 18.9% on the prior comparative period) and pre-tax operating cash inflows (up 28.6% on the prior comparative period). The improvement in operating cash flow generation is largely attributable to improvement in earnings growth and Group operating margin, and is a continuation of the improvement described in the 30 June 2018 results and annual report.

Material non-operating cash outflows during the half-year were:

- \$4m repayment of borrowings; and
- \$6.6m of dividend payments (net of DRP) to shareholders, up 34.6% on the prior comparative period.

BUSINESS UNIT PERFORMANCE - CORPORATE TRUSTEE SERVICES (CTS)

Key products and services include:

Australia

- Responsible Entity Services for managed funds on behalf of local and international managers and sponsors.
- Corporate Trust services for structured products, loan arrangements, securitisations and escrow arrangements.

United Kingdom and Ireland

 Authorised Corporate Director (ACD) for UK-based Open-Ended Investment Companies (OEICs), and Management Company Services to Ireland-based Alternative Investment Funds (AIFs) and Undertakings in Collective Investment Transferrable Securities (UCITS) on behalf of local and international managers and sponsors.

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

| CTS PERFORMANCE AND KEY DRIVERS FINANCIAL PERFORMANCE | HY19 \$'000 | HY18 \$'000 | HY19 V HY18 \$'000 | HY19 V HY18 % |
|---|----------------|----------------|--------------------------|---------------------|
| Trustee services revenue | 15,220 | 12,943 | 2,277 | 17.6% |
| Expenses | 8,290 | 7,048 | (1,242) | (17.6%) |
| Business unit net profit before tax | 6,930 | 5,895 | 1,035 | 17.6% |
| Business unit profit margin (%) | 45.5% | 45.5% | - | - |

| GROWTH IN KEY DRIVERS | HY19 | HY18 | HY19 V HY18 | HY19 V HY18 % |
|-------------------------------------|------|------|----------------|---------------------|
| Funds under supervision (FUS) (\$b) | 62.8 | 65.5 | (2.7) | (4.1%) |
| Funds Manager Clients | | | | |
| No. Clients | 131 | 114 | 17 | 14.9% |
| No. Funds | 279 | 271 | 8 | 3.0% |

CTS revenues have increased by 17.6% on the prior comparative period, from \$12.9m for the half-year ended 31 December 2017, to \$15.2m for the half-year ended 31 December 2018. CTS revenues comprise a single category of services called trustee services. CTS offers trustee services in Australia and the United Kingdom.

The growth in CTS revenue during the year is a function of organic growth in the business, with new Funds Manager clients and new funds opened during the half-year, the benefit of prior year acquisitions of EQTRES and EQTUK, and the effect of investment markets. Investment markets, in particular, have contributed less to this result than they have in previous periods.

In percentage terms, expenses have grown at the same rate as revenue for the first half of the year. Much of this additional expenditure relates to activities required to establish an Ireland-based UCITS and AIF Management Company to enable the Group's UK operations to continue to function effectively post-Brexit. Despite considerable uncertainty about the final Brexit arrangements, the Group is now well placed to continue to service clients and grow our UK and European operations irrespective of the Brexit terms.

Funds under supervision declined by \$2.7b, or 4.1% when compared to 31 December 2017. This reduction was largely a function of the exit of a lower margin client and related funds, and another Funds Manager client experiencing significant mandate losses during the six months.

Despite this, CTS has experienced growth in both new Funds Managers and new funds, 14.9% and 3.0% respectively on the prior comparative period. Underlying organic growth remains strong in the CTS business.

CTS' corporate trust business has had a strong six-months in terms of both deals won, and the high quality of new clients. These wins include the establishment of two new acquisition finance facilities, two secured bond deals, and a lender of record/loan financing facility for a global insurer. The team's presence in the market and the breadth of services continues to grow, and is unlocking new possibilities for the business.

The CTS UK and European operations continue to show promise. As described above, the business is soon to be ready for Brexit, with the establishment of an Irish operation to further increase the breadth of services available to clients. As at 31 December 2018, UK and European FUS was £176.3m.

The outlook for CTS remains positive with good organic client and fund number growth in the first half of the financial year. Markets are expected to remain volatile and may not contribute as much to the bottom line as they have in past periods.

BUSINESS UNIT PERFORMANCE - TRUSTEE & WEALTH SERVICES (TWS)

Key products and services include:

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

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

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

Services within each category have been grouped as they have similar performance obligations, and the basis upon which revenues are measured is also similar. Further information on these categories can be found in Note 14 to the financial statements.

| TWS PERFORMANCE AND KEY DRIVERS FINANCIAL PERFORMANCE | HY19 \$'000 | HY18 \$'000 | HY19 V HY18 \$'000 | HY19 V HY18 % |
|---|----------------|----------------|--------------------------|---------------------|
| Private client trustee services | 20,795 | 20,253 | 542 | 2.7% |
| Superannuation trustee services | 6,643 | 5,476 | 1,167 | 21.3% |
| Other services | 3,132 | 3,978 | (846) | (21.3%) |
| Total TWS revenue | 30,570 | 29,707 | 863 | 2.9% |
| Expenses | 21,702 | 21,096 | (606) | (2.9%) |
| Business unit net profit before tax | 8,868 | 8,611 | 257 | 3.0% |
| Business unit profit margin (%) | 29.0% | 29.0% | - | - |

| GROWTH IN KEY DRIVERS | HY19 | HY18 | HY19 V HY18 | HY19 V HY18 % |
|--|------|------|----------------|---------------------|
| Funds under management, advice, administration and supervision (FUMAS) (\$b) | 14.2 | 15.0 | (0.8) | (5.3%) |
| Superannuation | 6.5 | 6.7 | (0.2) | (3.0%) |
| Philanthropy | 1.9 | 2.0 | (0.1) | (5.0%) |
| Asset Management | 4.0 | 4.4 | (0.4) | (9.1%) |
| Trusts & Estates | 1.2 | 1.3 | (0.1) | (7.7%) |
| Wealth Advice | 0.6 | 0.6 | - | - |

Revenue growth in TWS on an overall basis has been modest when compared with the prior comparative period. Total revenues are up \$0.9m, or 2.9%. This result is a function of:

- Strong performance in superannuation trustee services, with revenues up 21.3% on the prior comparative period. The successful appointment as trustee to the AON Master Fund in November 2017 has contributed to the strong performance.
- Modest revenue growth in private client trustee services of 2.7%, or \$0.5m on the prior comparative period. Domestic equity market performance has had a pronounced effect on private client trustee service revenue during the half-year, however these products have continued to exhibit some organic growth.
- Revenues from other services, which include estate management, estate planning and tax services has declined by \$0.8m on the prior comparative period. Over the past 12 months, a considerable amount of effort has been directed towards finalisation of estates that were transferred to the Group when the Group acquired the estates and trust business of Sandhurst Trustees Limited. This has resulted in some uplift to estate related revenues in the past two halves, however this transitional work is now largely complete. Hence, the revenue growth on the prior comparative period is not reflective of the underlying performance of this service.

Expense growth, as for the rest of the Group, has been constrained at 2.9% for the half-year.

The outlook for TWS is promising, although growth is likely to be impacted by market volatility. Superannuation trustee services are expected to contribute strongly to growth in the short to medium term, as a function of changes in the industry and an acknowledgement of the benefits an independent trustee can bring to members and fund sponsors alike, however investment in both people and technology is required upfront to sustainably manage the opportunity ahead. Private client trustee services growth is expected to remain more modest in the short to medium term, but the service proposition is built on strong fundamentals, and is supported by the growth in the aging population in the long term.

OUTLOOK

Looking forward, the prospective growth in superannuation and favourable demographic trends over the next few decades are expected to provide a supportive environment for both our CTS and TWS businesses.

In addition, industry restructuring in financial services, including the divestment of non-core businesses by various participants and the entry of offshore firms into the Australian market are creating increasing opportunities for the provision of our specialist trustee capabilities.

While the eventual outcomes from the Royal Commission are not yet known, the Group's strategy is aligned to the broad themes and findings of the Commission.

Opportunities that are now arising are increasingly larger scale, more complex and with longer lead times, but well suited to our specialist capabilities. We are investing in our people, systems and resources to ensure we are well placed to execute and provide leading governance and trusteeship.

These trends are likely to continue for the foreseeable future and accordingly the outlook for the Group remains positive.

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 15 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

25 February 2019



Deloitte Touche Tohmatsu ABN 74 490 121 060

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

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

25 February 2019

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 halfyear ended 31st December 2018, 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

State

Mark Stretton
Partner

Chartered Accountants

Deloite Touche Tohnaton

DIRECTORS' DECLARATION

The Directors declare that:

- 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
- 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

25 February 2019

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 2018

| | | 31 DEC 18 | 31 DEC 17 |
|---|------|-----------|-----------|
| | NOTE | \$'000 | \$'000 |
| Revenue and other income | 2 | 46,302 | 43,195 |
| Expenses | 3 | (27,704) | (27,146) |
| Finance costs | | (423) | (388) |
| Depreciation and amortisation | | (1,993) | (1,714) |
| Profit before income tax expense | | 16,182 | 13,947 |
| Income tax expense | 5 | (5,297) | (4,410) |
| Profit for the period | | 10,885 | 9,537 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit and loss: | | | |
| Foreign exchange translation differences for foreign operations | | 59 | 25 |
| Total comprehensive income for the period | | 10,944 | 9,562 |
| Profit for the period attributable to: | | | |
| Equity holders of the Company | | 11,241 | 9,584 |
| Non-controlling interests | | (356) | (47) |
| Profit for the period | | 10,885 | 9,537 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | 11,300 | 9,609 |
| Non-controlling interests | | (356) | (47) |
| Total comprehensive income | | 10,944 | 9,562 |
| Earnings per share | | | |
| Basic (cents per share) | | 55.13 | 47.47 |
| Diluted (cents per share) | | 54.81 | 47.33 |

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 2018

| | NOTE | 31 DEC 18 | 30 JUN 18 |
|--|------|-----------|-----------|
| Comment | NOTE | \$'000 | \$'000 |
| Current assets | | F0 20/ | (0 (51 |
| Cash and cash equivalents | | 58,396 | 60,651 |
| Trade and other receivables | | 13,760 | 13,450 |
| Prepayments | | 2,201 | 1,129 |
| Accrued income | 4.4 | 7,766 | 8,866 |
| Other financial assets | 11 | 7,177 | 7,138 |
| Total current assets | | 89,300 | 91,234 |
| Non-current assets | | | |
| Trade and other receivables | | 108 | 108 |
| Furniture, equipment and leasehold | | 7,072 | 7,510 |
| Intangible assets | | 84,290 | 85,586 |
| Goodwill | 6 | 127,587 | 127,561 |
| Total non-current assets | | 219,057 | 220,765 |
| Total assets | | 308,357 | 311,999 |
| Current liabilities | | | |
| Trade and other payables | | 1,337 | 1,399 |
| Provisions | | 6,130 | 8,062 |
| Other current liabilities | | 474 | 782 |
| Current tax liability | | 1,496 | 4,454 |
| Total current liabilities | | 9,437 | 14,697 |
| Non-current liabilities | | | _ |
| Provisions | | 2,420 | 2,384 |
| Borrowings | 8 | 16,000 | 20,000 |
| Other non-current liabilities | | 2,612 | 2,542 |
| Deferred tax liabilities | | 18,992 | 18,522 |
| Total non-current liabilities | | 40,024 | 43,448 |
| Total liabilities | | 49,461 | 58,145 |
| Net assets | | 258,896 | 253,854 |
| Equity | | | |
| Issued capital | 9 | 240,819 | 238,633 |
| Reserves | | 2,162 | 1,647 |
| Retained earnings | | 16,794 | 14,102 |
| Equity attributable to owners of the Company | | 259,775 | 254,382 |
| Non-controlling interest | | (879) | (528) |
| Total Equity | | 258,896 | 253,854 |

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 2018

| | FULLY PAID ORDINARY | RETAINED | OTHER | CURRENCY | ATTRIBUTABLE TO EQUITY HOLDERS | NON- CONTROLLING | TOTAL |
|--|------------------------|----------|----------|-------------|--------------------------------|---------------------|---------|
| | SHARES | | RESERVES | TRANSLATION | OF THE COMPANY | INTEREST | EQUITY |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 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 |
| Total comprehensive income for the period | - | 9,584 | - | 25 | 9,609 | (47) | 9,562 |
| Non-controlling interest arising on the acquisition of Equity Trustees (UK & Europe) | | | | | | | |
| Limited (Formerly: 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 |
| Balance at 1 July 2018 | 238,633 | 14,102 | 1,533 | 114 | 254,382 | (528) | 253,854 |
| Profit/(loss) for the period | - | 11,241 | - | - | 11,241 | (356) | 10,885 |
| Foreign exchange translation differences for foreign operations | - | - | - | 59 | 59 | - | 59 |
| Total comprehensive income for the period | - | 11,241 | - | 59 | 11,300 | (356) | 10,944 |
| Foreign exchange translation differences for foreign operations | | | | | | 5 | 5 |
| Shares issued under employee salary sacrifice share plan | 51 | - | - | - | 51 | - | 51 |
| Shares issued under dividend reinvestment plan | 1,943 | - | - | - | 1,943 | - | 1,943 |
| Shares issued under employee share acquisition plan | 203 | - | (203) | - | = | = | - |
| Share issue costs | (15) | - | - | - | (15) | - | (15) |
| Related income tax | 4 | - | = | - | 4 | = | 4 |
| Provision for executive share entitlements | = | = | 565 | = | 565 | = | 565 |
| Provision for employee share acquisition plan | = | = | 94 | = | 94 | = | 94 |
| Payment of dividends | = | (8,549) | | = | (8,549) | = | (8,549) |
| Balance at 31 December 2018 | 240,819 | 16,794 | 1,989 | 173 | 259,775 | (879) | 258,896 |

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 2018

| | 31 DEC 18 | 31 DEC 17 |
|--|-----------|-----------|
| NOTE | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Receipts from customers | 51,789 | 45,066 |
| Payments to suppliers and employees | (35,895) | (32,711) |
| Income tax paid | (7,781) | (3,657) |
| Net cash provided by operating activities | 8,113 | 8,698 |
| Cash flows from investing activities | | |
| Proceeds on sale of financial assets | - | 10,945 |
| Interest received | 485 | 395 |
| Payment for property, plant and equipment | (184) | (3,629) |
| Payment for intangible assets | (63) | (310) |
| Payment for acquisitions | - | (2,339) |
| Net cash provided by investing activities | 238 | 5,062 |
| Cash flows from financing activities | | |
| Repayments of borrowings | (4,000) | - |
| Payment for share issue costs | (15) | (16) |
| Dividends paid to members of the parent entity (net of shares issued | | |
| under the dividend reinvestment plan) | (6,606) | (4,909) |
| Net cash used in financing activities | (10,621) | (4,925) |
| Net (decrease)/increase in cash and cash equivalents | (2,270) | 8,835 |
| Cash and cash equivalents at the beginning of the half-year | 60,651 | 40,328 |
| Exchange rate fluctuations on foreign cash balances | 15 | (41) |
| Cash and cash equivalents at the end of the half-year | 58,396 | 49,122 |

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

GENERAL INFORMATION

1 BASIS OF PREPARATION

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.

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

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 company's 2018 annual financial report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described in Note 14. These accounting policies are consistent with Australian Accounting Standards and the International Financial Reporting Standards.

PERFORMANCE

2 REVENUE AND OTHER INCOME

| | 31 DEC 18 | 31 DEC 17 |
|---|-----------|-----------|
| | \$'000 | \$'000 |
| Revenue | | |
| Private Client trustee services | 20,795 | 20,253 |
| Superannuation trustee services | 6,643 | 5,476 |
| Corporate trustee services | 15,220 | 12,943 |
| Other services | 3,132 | 3,978 |
| Revenue from service activities | 45,790 | 42,650 |
| Interest and managed fund distributions | 526 | 393 |
| | 46,316 | 43,043 |
| Other income | | _ |
| Recoveries | 7 | 152 |
| Foreign currency gain / (loss) | (21) | - |
| Total revenue and other income | 46,302 | 43,195 |

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

3 EXPENSES

| | 31 DEC 18 | 31 DEC 17 |
|--|-----------|-----------|
| | \$'000 | \$'000 |
| Employee benefits expense | 19,797 | 18,598 |
| Other employment related expense | 841 | 493 |
| Audit and tax advice expense | 664 | 736 |
| Insurance expense | 340 | 282 |
| Legal, consulting and regulatory expense | 830 | 1,894 |
| Information technology expense | 1,971 | 2,131 |
| Occupancy expense | 1,118 | 1,101 |
| Other expense | 2,143 | 1,911 |
| Total expenses | 27,704 | 27,146 |

4 SEGMENT PERFORMANCE

Information reported to the Group's Managing Director (chief operating decision maker) for the purpose of resource allocation and assessment of performance is focused on the categories of services provided to customers. The principal categories of services are Trustee 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 (TWS)

Provides a range of private client, philanthropic and superannuation services including estate planning and management; charitable, compensation, indigenous and personal trust services; wealth management and advice. TWS operates within Australia.

Corporate Trustee Services (CTS)

Provides a range of fund governance and trustee services for managed investment trusts on behalf of local and international fund managers and sponsors, as well as specialised trustee services for companies and structured multi-party transactions. CTS operates in Australia and the United Kingdom.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. These operating segments also constitute the major categories of services offered by the Group.

| | 31 DEC 18 \$'000 | 31 DEC 17 \$'000 |
|---|---------------------|---------------------|
| Segment revenue | | |
| Trustee and Wealth Services | | |
| Private Client trustee services | 20,795 | 20,253 |
| Superannuation trustee services | 6,643 | 5,476 |
| Other services | 3,132 | 3,978 |
| | 30,570 | 29,707 |
| Corporate Trustee Services | | |
| Corporate trustee services | 15,220 | 12,943 |
| | 45,790 | 42,650 |
| Unallocated | 512 | 545 |
| Total revenue per statement of profit or loss | 46,302 | 43,195 |

The revenue reported above represents revenue generated from external customers. There were no inter-segment revenues (2017:

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

| | 31 DEC 18 | 31 DEC 17 |
|---|-----------|-----------|
| | \$'000 | \$'000 |
| Segment net profit before tax | | |
| Trustee and Wealth Services | 8,868 | 8,611 |
| Corporate Trustee Services | 6,930 | 5,895 |
| | 15,798 | 14,506 |
| Unallocated | 384 | (559) |
| Total net profit before tax per statement of profit or loss | 16,182 | 13,947 |

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the contribution earned by each segment without the allocation of non-operating expenditure (including projects and acquisition related expenditure) or income tax. This is the measure used by the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring performance, the chief operating decision maker reviews balance sheet items for the Group as a whole. The Group's assets and liabilities are not allocated to the reportable segments for management reporting purposes.

Geographic segment

The Group operates in two geographical locations, Australia (the 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 or to the CTS operating segment, and therefore these amounts have not been separately disclosed as at 31 December 2018.

5 INCOME TAXES

| | 31 DEC 18 | 31 DEC 17 |
|--|-----------|-----------|
| | \$'000 | \$'000 |
| Income tax expense comprises: | | |
| Current income tax expense | 5,773 | 6,028 |
| Prior year tax adjustments recognised in the current year | (5) | 51 |
| Deferred tax expense relating to the origination and reversal of temporary differences | (471) | (1,669) |
| Total income tax expense | 5,297 | 4,410 |
| The income tax expense for the year can be reconciled to accounting profit as follows: | | |
| Profit before tax from continuing operations | 16,182 | 13,947 |
| Income tax expense calculated at 30% | 4,855 | 4,184 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 258 | 43 |
| Non-deductible expenses | 192 | 337 |
| Non-assessable income | (3) | (205) |
| | 5,302 | 4,359 |
| Prior year tax adjustments | (5) | 51 |
| Total income tax expense | 5,297 | 4,410 |

OPERATING ASSETS AND LIABILITIES

6 GOODWILL

| | 31 DEC 18 | 30 JUN 18 |
|--|-----------|-----------|
| | \$'000 | \$'000 |
| Cost | 127,587 | 127,561 |
| Accumulated impairment losses | - | - |
| | 127,587 | 127,561 |
| | | _ |
| Opening balance 1 July | 127,561 | 125,743 |
| Amounts recognised during the interim period | - | 1,724 |
| Effects of foreign currency exchange differences | 26 | 94 |
| Closing balance 31 December | 127,587 | 127,561 |

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7 BUSINESS COMBINATIONS

Half year ended 31 December 2018

There were no business combinations during the period.

Half year ended 31 December 2017

Acquisition of Equity Trustees (UK & Europe) Limited (Formerly: Treasury Capital Limited) (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 and Irish markets. Refer to the 31 December 2017 half-year financial statements for further details of the TCL acquisition.

Acquisition Costs

There were no acquisition related costs incurred in the half-year ended 31 December 2018 (2017: \$709,000).

CAPITAL STRUCTURE

8 BORROWINGS

| | 31 DEC 18 | 30 JUN 18 |
|-----------------------------|-----------|-----------|
| | \$'000 | \$'000 |
| Unsecured at amortised cost | | |
| Loan from ANZ | 16,000 | 20,000 |
| | 16,000 | 20,000 |

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.

9 ISSUED CAPITAL

| | 31 DEC 18 | | 31 DEC 17 | |
|--|-----------|---------|-----------|---------|
| | No. '000 | \$'000 | No. '000 | \$'000 |
| Fully paid ordinary shares | | | | _ |
| Opening balance 1 July | 20,344 | 238,633 | 20,125 | 234,586 |
| Shares issued under employee salary sacrifice share plan | 2 | 51 | 1 | 20 |
| Shares issued under executive share scheme | - | - | 3 | 50 |
| Shares issued under employee share acquisition plan | 10 | 203 | 11 | 196 |
| Shares issued under dividend reinvestment plan (DRP) | 85 | 1,943 | 134 | 2,339 |
| Share issue costs net of tax | - | (11) | - | (11) |
| Closing balance 31 December | 20,441 | 240,819 | 20,274 | 237,180 |

10 DIVIDENDS

| | DATE OF | CENTS PER | TOTAL |
|---------------------------------------|----------------|-----------|--------|
| FULLY PAID ORDINARY SHARES | PAYMENT | SHARE | \$'000 |
| Recognised amounts | | | |
| Final 2018 dividend (fully franked) | 9 October 2018 | 42 | 8,549 |
| Interim 2018 dividend (fully franked) | 29 March 2018 | 40 | 8,110 |
| | | | |
| Unrecognised amounts | | | |
| Interim 2019 dividend (fully franked) | 28 March 2019 | 44 | 8,994 |

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

FINANCIAL RISK MANAGEMENT

11 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:

| | FAIR VAL | UE AS AT | | |
|--------------------------------|---------------------|---------------------|-------------------------|------------------------|
| | 31 DEC 18 \$'000 | 30 JUN 18 \$'000 | FAIR VALUE HIERARCHY | VALUATION TECHNIQUE |
| Available for sale investments | | | | |
| Mutual (Cash) Common Fund M1 | 7,177 | 7,138 | B Level 2 | Daily published prices |

There are no significant unobservable inputs in relation to the Group's investment in the Mutual (Cash) Common Fund M1. There were no transfers between levels in the fair value hierarchy at the end of the reporting period (2017: 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, not measured at fair value on a recurring basis and are recognised in the consolidated financial statements, approximate their fair values.

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As disclosed in the 2018 Annual Report, the Australian Taxation Office (ATO) reviewed the tax treatment of an acquisition made by the Group in the 2011 financial year that gave rise to a right to future income deduction. At the time, the Group received tax advice that the tax deduction was allowable, and accordingly was, and remains of the opinion that the tax deduction has been correctly calculated and claimed.

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

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

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

Notwithstanding that the outcome of rectification and the ATO objection process remains unknown, there is a possibility the Group will be unsuccessful in defending its claim. Should this occur, the possible outflow is in the range of nil to \$2.4m. Although the objection process is underway, in accordance with legal requirements, the Group made a payment of 50% of the primary tax in dispute (\$783,570) then owing to the ATO in November 2017 on a without prejudice basis. The amount has been recognised as a current tax asset in the Statement of Financial Position as at 31 December 2018.

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 (2017: nil).

There are no contingent assets (2017: nil)

13 SUBSEQUENT EVENTS

There have been no material subsequent events.

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

OTHER DISCLOSURES

14 NEW AND AMENDED ACCOUNTING 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.

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

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

AASB 9 Financial Instruments

- AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards Clarifications to AASB 15
- AASB 2016-5 Amendments to Australian Accounting Standards Classification and Measurement of Share-based Payment Transactions
- AASB 2017-5 Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

Other than as described below, 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.

Impact of the application of AASB 9 Financial Instruments

The Group has applied AASB 9 *Financial Instruments* and the related consequential amendments to other Accounting Standards for the first time. From 1 July 2018, the Group has adopted the retrospective approach to AASB 9, and has not restated prior period comparatives. The requirements under AASB 9 that are applicable to the Group and the impact of its application is described below:

Classification and measurement of financial assets

The Directors have reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and have concluded that the application of AASB 9 has had no material impact on the classification or measurement of the Group's financial assets. Financial assets that were measured at fair value through profit or loss (FVTPL) or amortised cost under AASB 139 continue to be measured at fair value or amortised cost under AASB 9.

Impairment of financial assets

The Directors have reviewed and assessed the Group's existing financial assets and trade receivables for impairment using the AASB 9 expected credit loss model as opposed to the AASB 139 incurred credit loss model and have concluded that the application of AASB 9 has had no material impact on the Group's impairment allowance required for existing financial assets and trade receivables.

With effect from 1 July 2018, the Group's new accounting policy in respect to impairment of financial assets is as follows:

Financial assets, other than those at fair value through profit or loss, shall recognise a loss allowance for expected credit losses and changes in those expected credit losses at each reporting date, to recognise the 12-month or lifetime expected credit losses determined by the significance of the change in credit risk since initial recognition of the financial asset.

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Impact of the application of AASB 15 Revenue from Contracts with Customers

The Group has applied AASB 15 for the first time in the current period. From 1 July 2018, the Group has adopted the full retrospective approach under AASB 15.

AASB 15 requires the Group to recognise revenue in a manner that represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled. The requirements under AASB 15 that are applicable to the Group, and their impact is disclosed below:

Recognition and measurement of revenue:

The Directors have reviewed and assessed the Group's recognition and measurement of revenue from 1 July 2018 based on the facts and circumstances that existed from this date and have concluded that the application of AASB 15 has had no material impact on the recognition or measurement of the revenue for the Group. With effect from 1 July 2018, the Group's new accounting policies in respect to the recognition and measurement of revenues are as follows:

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

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

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



Deloitte Touche Tohmatsu ABN 74 490 121 060

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

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

Independent Auditor's 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 2018, 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 17 to 28.

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 2018 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Deloitte

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 2018 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

Shell

Deloite Touche Tohnaton

Mark Stretton Partner

Chartered Accountants

Melbourne, 25 February 2018