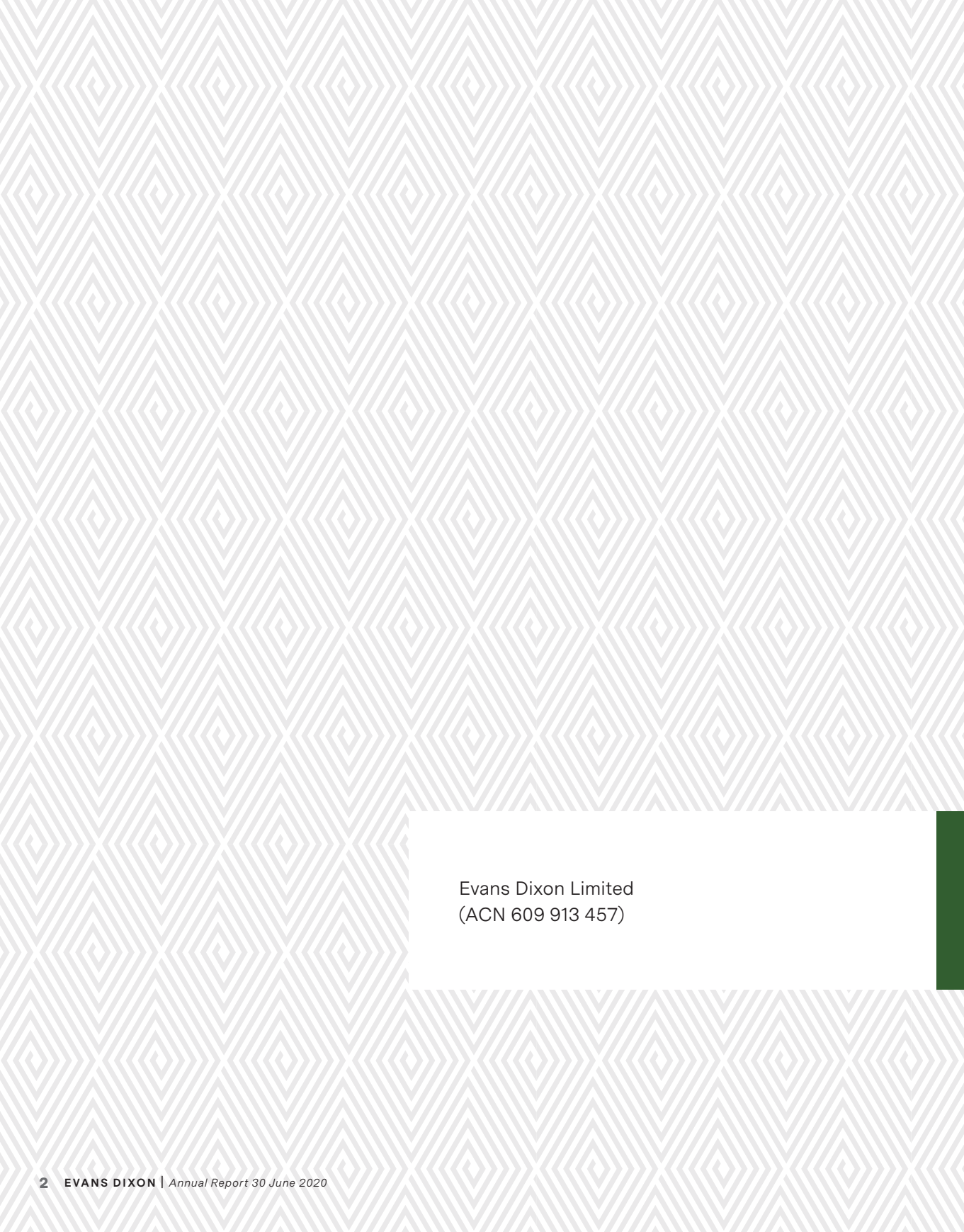




EVANS
DIXON

ANNUAL REPORT

30 JUNE 2020



Evans Dixon Limited
(ACN 609 913 457)

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Chairman's Letter

27 August 2020

Dear Shareholder,

On behalf of the Board of Directors and Management team, I present to you the Evans Dixon Limited Annual Report for the financial year ended 30 June 2020.

The 2020 financial year will be defined by the emergence of the COVID-19 pandemic which will continue to present a challenging economic climate for the foreseeable future. Our 2020 financial year result has been impacted by both COVID-19 and strategic adjustments that we have made to our business model to position our business for the financial services landscape of the future. Our underlying Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) was \$37.2 million and our underlying Net Profit After Tax before Amortisation (**NPATA**) was \$13.3 million which represents a reduction in profitability compared to the prior period.

We also recognised non-cash impairments to goodwill, other intangibles and investments of \$38.7 million which negatively impacted our statutory profit. Our balance sheet remains solid with no debt and a cash balance of \$37.6 million.

The main contributors to the reduced underlying profitability were a significant reduction in corporate transactional revenue since the onset of the COVID-19 pandemic and a transition away from related party revenues in our Funds Management business which led to significantly lower non-FUM based revenue. Offsetting these impacts to an extent was the resilient performance of our E&P Institutional Equities and Wealth Advice businesses.

Our response to COVID-19 has focussed on supporting our staff, business and clients through this period. We have been successful in implementing remote working arrangements, with 95% of our staff working remotely in accordance with respective State protocols, all the while maintaining the same level of service to our clients. Our investment in IT infrastructure over prior periods positioned us well to manage this transition seamlessly and to maintain the current arrangements for an extended period. While the duration of the health crisis remains unclear at this point, we believe our firm is well positioned to respond to events as they happen and as we look to transition back towards more normal circumstances.

The 2020 financial year also saw significant operational changes in our business. We have implemented a management restructure and installed a new leadership team led by our CEO Peter Anderson. Under Peter's leadership, the business model of Evans Dixon is being transformed with an improved governance structure, better financial discipline and significant revisions to our Funds Management model.

Chairman's Letter (cont.)

The outcomes of the operational review we completed during the first half of financial year 2020 are being implemented and we are beginning to see the benefits. We are working hard to address legacy issues in the Dixon Advisory and Walsh & Company businesses, but acknowledge there is still more to do. We are increasingly turning our focus towards prosecuting the medium and long-term growth initiatives identified as part of the operational review.

The Board has decided to not declare a dividend in respect of the second half of the 2020 financial year. The Board recognises that transactional corporate revenue represents a meaningful component of the Group's business and given the heightened and potentially prolonged uncertainty presented by the COVID-19 pandemic, execution risks remain high. For this reason, as an interim measure, the Board considers it prudent to preserve liquidity at this time. Over the long-term, the Board remains committed to an annual target dividend payout policy of 75-85% of NPATA.

Looking ahead to FY21, notwithstanding the resilience of our Wealth business, near-term performance will be impacted by COVID-19 uncertainty within E&P, necessary permanent structural changes in Funds Management and increased insurance costs. The medium-term growth prospects of the business remain strong and will be an increasing focus of management as the business model transformation nears conclusion. It is impractical to provide specific earnings guidance for FY21 noting the level of economic uncertainty resulting from the COVID-19 pandemic.

I would like to thank all shareholders for their continued support of Evans Dixon and I acknowledge the valuable contribution of the Board, Management team and all staff across the organisation. Their continued efforts will be critical in navigating the ongoing health and economic challenges we face.

Yours sincerely,

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

David Evans
Executive Chairman
Evans Dixon Limited

About Evans Dixon

Evans Dixon is a financial services business with a history spanning over 30 years. The business operates through five brands in Australia, being Evans Dixon, Evans & Partners, E&P, Dixon Advisory and Walsh & Company, a specialist global asset manager. Evans Dixon's operations can be grouped into three segments:

- ♦ Wealth Advice;
- ♦ E&P (formerly "Corporate & Institutional"); and
- ♦ Funds Management.

As at 30 June 2020, Wealth Advice services over 9,200 clients with \$20.1 billion in funds under advice.

In E&P we are an advisor to many leading Australian institutions through the provision of research, corporate advisory, equity capital market and debt capital market services.

In Funds Management, we manage \$6.7 billion of assets across a diverse range of asset classes and strategies.

Evans Dixon has offices across Sydney, Melbourne, Canberra, Brisbane, and New Jersey, USA.

Year in review

OPERATING AND FINANCIAL REVIEW

Group financial performance by operating segment

A\$m	Wealth Advice	E&P	Funds Management	Unallocated Corporate	Total
Net revenue ¹	88.3	45.6	57.9	-	191.8
EBITDA	19.2	12.7	16.8	(14.3)	34.4
Underlying EBITDA ²	19.4	12.7	16.4	(11.3)	37.2
Underlying NPATA ³					13.3

GROUP PERFORMANCE

In FY20 the Group recorded total revenue⁴ of \$210.0 million and net revenue of \$191.8 million after deducting cost of sales. Net revenue was down 10% compared to \$212.1 million for FY19 as the business delivered a softer 2H20 result in a challenging COVID-19 impacted economic environment. The Group recorded underlying EBITDA of \$37.2 million in FY20 which is in line with underlying EBITDA of \$37.1 million delivered in FY19. When adjusting the FY19 result to reflect the impact of the change in accounting standard AASB 16 Leases, underlying EBITDA was 16% lower than the prior corresponding period. The Group's underlying EBITDA margin for FY20 was 19% compared to FY19 (adjusted for AASB 16 Leases) of 21% with the reduced margin resulting from softer revenue in the second half of the financial year⁵.

The softer FY20 underlying EBITDA was primarily due to a lower contribution from our corporate and institutional business, E&P, as market volatility and general economic uncertainty resulting from COVID-19 caused transactional corporate advice and capital markets activity to reduce significantly during the second half. Also contributing to the softer result was a reduction in earnings from Funds Management following changes from the operational review as the business continued to wind-down its US based operations and transition away from related party activities.

Notes:

1. Net revenue is defined as gross revenue less cost of sales including trading execution, clearing and settlement costs, commissions paid relating to real estate brokerage services, costs directly incurred in the provision of project management, design and architectural services.

2. Underlying EBITDA adjusts for one-off or non-recurring items. See reconciliation in Non-IFRS information section for further information.

3. Underlying NPATA is defined as underlying net profit after tax, excluding amortisation of acquired intangibles and one-off or non-recurring items. See reconciliation in Non-IFRS information section for further information.

4. Excludes interest income of \$0.2 million and non-recurring income of \$1.3 million.

5. Underlying EBITDA margin is defined as underlying EBITDA adjusted for the impact of AASB 16 Leases divided by net revenue.

Year in review (cont.)

The reduction in related party activities is a necessary permanent structural change, it includes ending the design, architecture and project management services completed by Dixon Projects for the US Masters Residential Property Fund (**URF**) and a shift away from seeding new real asset funds from the Group's client base. Offsetting the reduction in underlying EBITDA from E&P and Funds Management was a small increase in the underlying EBITDA of the Wealth Advice segment and a reduction in Corporate Unallocated costs after implementation of cost reduction initiatives from the Group's operational review.

As part of the firm-wide operational review, the Group made significant changes to the cost base. Group headcount was reduced by 22% over the year with minimal impact on client-facing operations. The impact of these changes, which were primarily made in 1H20 and total \$13.0 million of fixed remuneration savings on an annualised basis, have started to flow through in the second half result. Discretionary operating expenses such as marketing and advertising have been significantly reduced as the company has reshaped its business development efforts to incentivise growth from internally generated sources. The company also conducted a firm-wide vendor review to leverage economies of scale, such as through the consolidation of trading execution, clearing and settlement services and premises rationalisation. Looking ahead the Group will maintain a strong focus on delivering further cost efficiencies across the organisation.

The key drivers behind divisional results are discussed in further detail in the Business Segment Overview section below.

Underlying net profit after tax before amortisation of acquired intangibles and one-off or non-recurring items (underlying NPATA) was \$13.3 million, which was 40% lower than FY19. This resulted in underlying earnings per share of 5.9 cents compared to 9.8 cents in the prior period.

IMPAIRMENT

Following the Group's financial year-end impairment test, the Group recorded non-cash impairments of \$38.7 million against goodwill, other intangible assets and jointly controlled entity balances which arose from past M&A activity. The impairments, which have impacted each of the Group's cash generating units (**CGU**), were due to a combination of industry disruption, structural changes in our Funds Management business and the risk of a prolonged impact from COVID-19 on transactional corporate advisory activity in E&P.

Year in review (cont.)

A summary of the impairments is set out below.

For the period \$m	Wealth Advice	E&P	Funds Management	Total
Goodwill	8.7	17.8	1.4	27.9
Brand	-	-	2.3	2.3
Customer relationships	-	-	1.7	1.7
Restraint covenant	-	-	1.6	1.6
Jointly controlled entity – FSC	-	-	5.2	5.2
Total	8.7	17.8	12.2	38.7

Details regarding the impairment test are contained in note 20 of the Annual Report, including the approach taken in forecasting the cash flows and the assessment of discount rates used to determine the recoverable value of each CGU. In summary, the key macroeconomic and business specific factors leading to the assessment of the impairments are as follows:

- ♦ Wealth Advice recorded an impairment to goodwill due to the impact of legacy issues within Dixon Advisory, industry disruption (including increased insurance costs) and the impact of COVID-19.
- ♦ E&P recorded an impairment to goodwill due to the impact of COVID-19 and uncertainty over its duration.
- ♦ The impairments in Funds Management reflect structural changes in the business including a pivot away from seeding real asset funds internally and related party services.

BUSINESS SEGMENT OVERVIEW

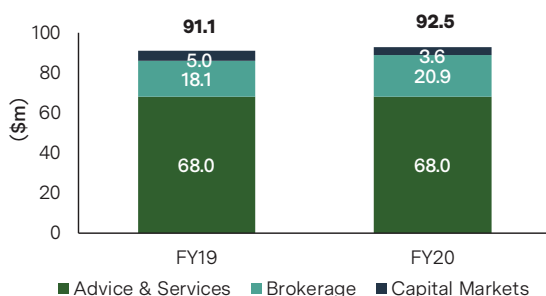
WEALTH ADVICE OVERVIEW AND PERFORMANCE

Wealth Advice provides a full-service solution for clients through a complementary suite of services including financial advice, investment advice, stock broking, private wealth management, private client portfolio administration and reporting, self-managed superannuation fund administration and estate planning. Wealth Advice operates across two brands being Evans & Partners and Dixon Advisory. Wealth Advice revenues are primarily derived from fee for service investment and financial advice and administration, asset-based advice fees and securities brokerage. Wealth Advice also receives fees for participation in equity and debt capital raisings.

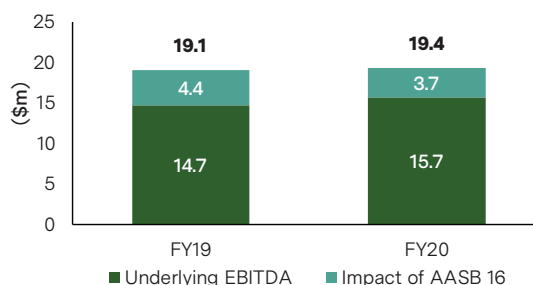
Year in review (cont.)

In FY20 Wealth Advice delivered a solid result in a challenging economic environment. FY20 revenue of \$92.5 million was up 2% on FY19 and underlying EBITDA of \$19.4 million was also up 2% after adjusting the prior corresponding period underlying EBITDA for the impact of AASB 16 Leases. Advice & Services and Brokerage revenue increased by 3% as strong brokerage revenue driven by market volatility offset softness in Capital Markets revenue compared to FY19. The modest like-for-like underlying EBITDA growth in FY20 was pleasing given the challenging operating environment and highlights the value of the historical investment made in our systems and IT infrastructure in enabling the business to operate effectively under current conditions.

Wealth Advice revenue

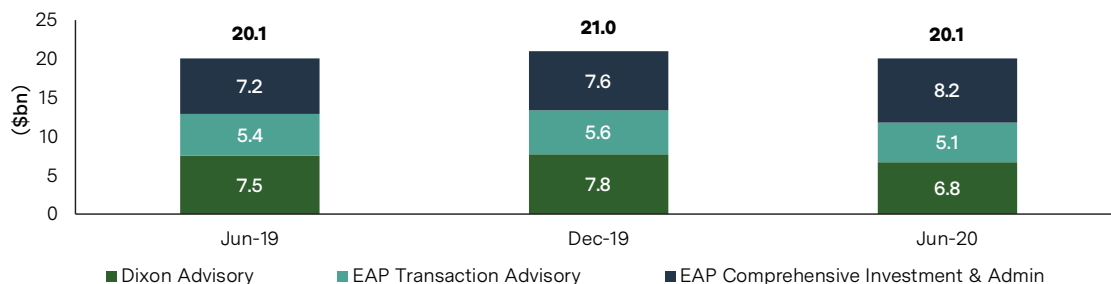


Wealth Advice underlying EBITDA



Funds under advice (FUA) at 30 June 2020 of \$20.1 billion was the same as FUA 12 months prior, however down 4% since last reported at 31 December 2019. Total client number at 30 June 2020 of approximately 9,200 was largely stable compared to the prior corresponding period. A small reduction in Dixon Advisory client numbers was offset by growth in the Evans & Partners client base.

Funds under advice by service type



Year in review (cont.)

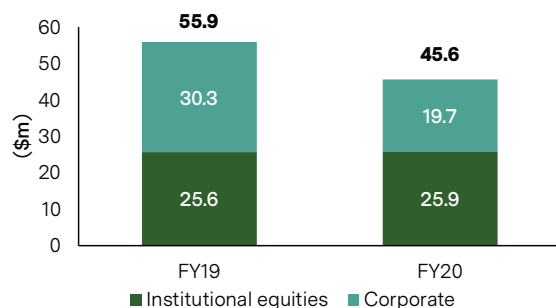
During the year, the business implemented a raft of initiatives to leverage its strong advice platform, systems and risk framework to drive growth. This included a merger of support teams, sharing of infrastructure and efficiency improvements which served to strengthen the business and client offering. The Group implemented an integrated Evans Dixon Investment Committee which replaced the previously distinct Evans & Partners and Dixon Advisory Committees and strengthens the governance measures in our advice processes. Wealth Advice continued to invest in its advice systems, compliance and risk management to ensure it is well positioned to service its clients and target the increasingly underserved retail advice market opportunity presented in the post-Hayne / FASEA financial advice landscape.

E&P OVERVIEW AND PERFORMANCE

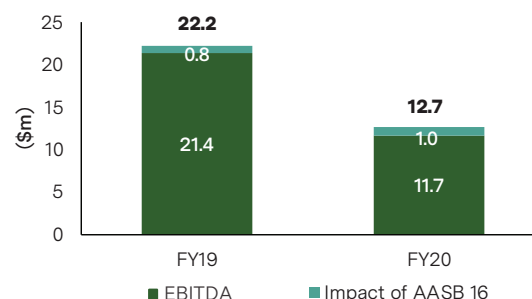
E&P provides stockbroking and investment advisory services to institutional clients and advice to corporations, including advice on equity and debt capital market transactions, public markets and private treaty mergers and acquisitions, corporate divestments, private equity buyouts and debt financing and corporate restructurings. The E&P segment generates revenue through institutional brokerage and securities execution commissions, corporate advisory services fees and debt and equity capital markets advice fees.

During the year our Corporate & Institutional businesses consolidated under a single unified brand, E&P. This move supported the Group's objective of leveraging its high-quality capability to build an integrated business targeting key sectors. E&P delivered a softer result in FY20 with transactional corporate advice and capital markets activity subdued in the second half of the year due to COVID-19 volatility and general economic uncertainty. The business generated a record level of research during the period which supported strong institutional trading activity and brokerage revenue in 4Q20. Net revenue for the period of \$45.6 million was down 18% on FY19 and EBITDA of \$12.7 million was down 43% after adjusting the prior corresponding period EBITDA for the impact of AASB 16 Leases.

E&P net revenue



E&P EBITDA



Year in review (cont.)

Although corporate transaction activity was impacted in the second half of the financial year, E&P advised and executed on a total of 25 M&A and capital markets mandates over the full year, a selection of which are set out below.

Selected FY20 Corporate Advisory transactions

 <p>June 2020 \$641 million</p> <p>Capital Notes 2 Joint Lead Manager</p>	 <p>May 2020 \$75 million</p> <p>Adviser to Waypoint REIT in relation to its internalisation of its management vehicle from Viva Energy</p>	 <p>November 2019 \$90 million</p> <p>Initial Public Offering Joint Lead Manager</p>	 <p>October 2019 \$36 million</p> <p>Institutional placement</p>	 <p>December 2019 NZ\$80 million</p> <p>Adviser to Adairs on the acquisition of Mocka</p>	 <p>August 2019 Price undisclosed</p> <p>Adviser to QIC in relation to acquisition of a ~75% interest in Nexus Hospitals</p>
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FUNDS MANAGEMENT OVERVIEW AND PERFORMANCE

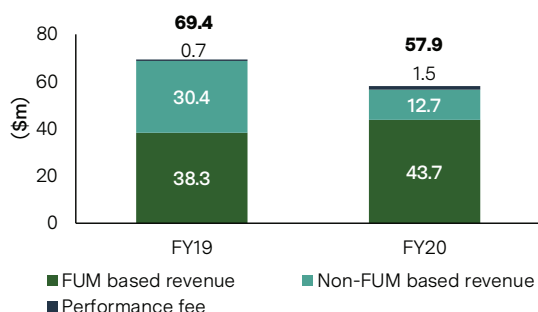
The Funds Management segment provides investment management solutions tailored to suit the needs of clients and investors. Funds Management employs a thematic driven approach to investment management and focuses on sectors that present long term investment opportunities supported by strong macroeconomic tailwinds that can best be accessed and actively managed with internal and partner capabilities. Funds Management generates its revenue primarily from investment management fees, revenue for responsible entity and administration services, performance fees, revenue from execution of transactions such as asset acquisitions, disposals and debt arranging, as well as revenue received from design, architectural and project management services.

The FY20 contribution from our Funds Management business was down on FY19 by 10% on a like-for-like basis when adjusting for AASB 16 Leases. This was an expected outcome as the business began to transition to a sustainable long-term model. The strategic exit from non-core operations, including the deliberate wind down of Dixon Projects and the re-positioning of the Funds Management business away from related party revenues, has impacted the full year result. Net revenue of \$57.9 million was down 17% on the prior period as non-FUM based net revenue (primarily from US based operations) reduced by 58%. Included in FY20 non-FUM based revenue is a \$2.5 million increase in share of profits from the Group's investment in CVC Emerging Companies Fund, a wholesale fund which Evans Dixon manages jointly with CVC Limited and has invested in alongside unitholders.

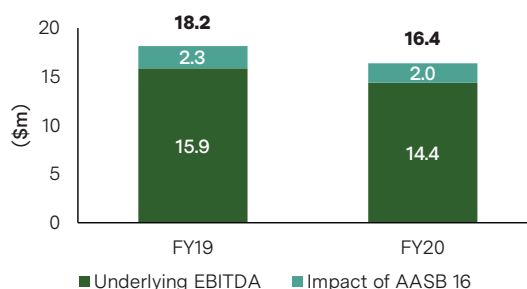
FUM-based net revenue, primarily derived from investment management, responsible entity and administration fees, increased by 14% over the prior year to represent 76% of FY20 total net revenue, up from 55% in FY19. Funds Management recorded underlying EBITDA of \$16.4 million in FY20, down 10% after adjusting the prior corresponding period underlying EBITDA for the impact of AASB 16 Leases.

Year in review (cont.)

Funds Management net revenue

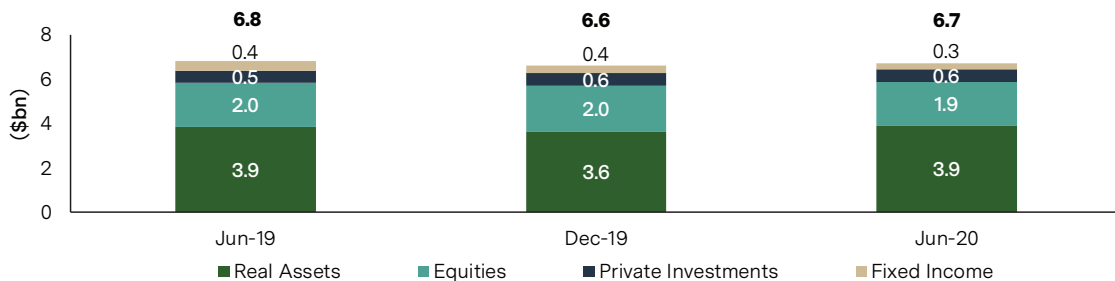


Funds Management underlying EBITDA



Funds under management (**FUM**) at 30 June 2020 was \$6.7 billion, down 1% compared to 12 months prior. FUM benefited from growth in the company's institutionally focused solar infrastructure business, US Solar Fund (USF.LSE) and strong performances across the business' core direct equities portfolios, in particular the Evans & Partners International Fund and Evans & Partners Global Disruption Fund which delivered strong double digit returns over the 12 months to 30 June 2020. The decrease in FUM was driven primarily by reductions in the gross asset value of the URF due to strategic asset sales, repayment of debt and write downs to the fair market value of URF's real estate portfolio.

Funds under management by asset class



Year in review (cont.)

NON-IFRS INFORMATION

We disclose certain financial measures such as net revenue, underlying EBITDA and underlying NPATA which are not prepared in accordance with IFRS and are therefore considered 'non-IFRS' financial measures. The Directors believe that the non-IFRS financial information provides useful information to investors because management uses this information, in addition to financial data prepared in accordance with IFRS, to attain a more transparent understanding of the business' performance. We use non-IFRS measures consistently in our internal planning and forecasting, reporting and ongoing business management.

Our non-IFRS financial measures reflect adjustments for items that the Directors consider are one-off or non-recurring in nature. The table below sets out the adjustments to EBITDA and NPAT that were made for FY20 and FY19.

For the period \$m	FY20	FY19
EBITDA	34.4	35.1
Employee termination payments	1.9	-
Loss on derecognition of subsidiary	0.3	-
Non-recurring income (US PPP stimulus)	(1.3)	-
Fair value adjustments on non-core investments	0.7	-
Acquisition related expenses	-	1.2
Other non-recurring items	1.2	0.8
Underlying EBITDA	37.2	37.1
Statutory NPAT	(30.5)	16.8
After tax amount of above adjustments	1.6	1.5
Impairment of goodwill and other	41.0	-
Amortisation of acquired intangibles	3.3	3.2
US CARES Act tax credit	(2.1)	-
Other tax adjustments	-	0.3
Underlying NPATA	13.3	21.8

The FY20 underlying EBITDA adjustments include \$1.9 million in employee termination payments (\$1.4 million after tax), loss on sale of Dixon Realty of \$0.3 million (\$0.3 million after tax), non-recurring income of \$1.3 million received in the form of US Paycheck Protection Program forgivable loan (\$1.3 million after tax), net fair value adjustments of non-core investments of \$0.7 million (\$0.4 million after tax) and \$1.2 million in other non-recurring items (\$0.8 million after tax). FY19 adjustments include \$1.2 million in expenses relating to the acquisition of Fort Street Advisers (\$0.9 million after tax), \$0.8 million relating to the revaluation of jointly controlled entities arising from changes in New York state legislation and employee termination payments (\$0.6 million after tax).

Year in review (cont.)

FY20 underlying NPATA after tax adjustments include impairment of goodwill, other intangibles assets and the Group's investment in FSC totalling \$37.4 million, \$3.5 million impairment of PP&E arising from changes in US premises, \$3.3 million relating to amortisation of intangible assets that arose from the merger with Evans & Partners, the acquisition of Fort Street Advisers and the company's IPO (FY19: \$3.2 million) and a US CARES Act non-recurring tax credit totalling \$2.1 million.

DIVIDENDS

Fully franked dividends of \$12.9 million were paid to shareholders during the period as follows:

- ♦ 3.0 cents per share paid on 11 October 2019 amounting to \$7.0 million
- ♦ 2.5 cents per share paid on 14 April 2020 amounting to \$5.9 million

The Board has decided to not declare a dividend in respect of the second half of the 2020 financial year. The Board recognises that transactional corporate revenue represents a meaningful component of the Group's business and given the heightened and potentially prolonged uncertainty presented by the COVID-19 pandemic, execution risks remain high. For this reason, as an interim measure, the Board considers it prudent to preserve liquidity at this time. Over the long-term the Board remains committed to an annual target dividend payout policy of 75-85% of NPATA.

BALANCE SHEET AND CAPITAL

The Group maintained a prudent balance sheet over the year. As at 30 June 2020 the Group had no debt and a healthy cash balance of \$37.6 million which is supported by strategic investments. Net assets declined compared to 30 June 2019 due to non-cash impairments following the Group's year end impairment testing. During the year, there were the following notable movements in the Group's balance sheet and capital:

- ♦ The Group recognised right of use assets and lease liabilities in respect of its premises leases, in accordance with the new leasing accounting standard AASB 16 Leases;
- ♦ The Group repaid \$15.0 million of borrowings which were drawn in FY19 to seed strategic investments; and
- ♦ Total net assets reduced due to non-cash impairments to goodwill, intangibles and jointly controlled entities of \$38.7 million, and a \$3.5 million non-cash impairment in relation to property, plant and equipment which primarily relates to furniture and leasehold improvements located in the USA which are no longer being used by the Group.

Corporate governance statement

INTRODUCTION

The Board of Evans Dixon Limited (the **Company**) recognises the importance of good corporate governance and its impact on investor confidence. The Board of the Company (the **Board**) is responsible for the corporate governance of the Company and its related bodies corporate (the **Group**).

This corporate governance statement documents the Company's key corporate governance practices that were put in place by the Company, in line with the ASX's 3rd Edition of Corporate Governance: Principles & Recommendations.

The various corporate governance policies and charters adopted by the Company and referred to in this document are available at www.evansdixon.com.au/shareholdercentre/corporate-governance.

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the overall corporate governance of the Group. The Board monitors the operational and financial position and performance of the Group and oversees its business strategy, including approving the strategic goals of the Group and considering and approving its annual business plan and the associated budget.

The Board is committed to maximising performance, generating an appropriate level of shareholder value and financial return and sustaining the growth and success of the Group. In conducting the Group's business consistent with these objectives, the Board seeks to ensure that the Group is properly managed to protect and enhance shareholder interests and that the Group, its Directors, officers and personnel operate in an appropriate corporate governance environment.

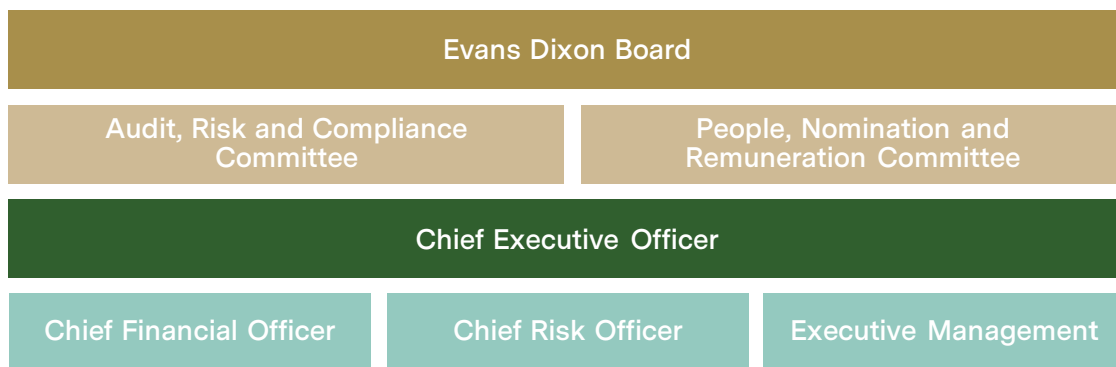
The Board has adopted a written charter to clarify the roles and responsibilities of the Board members. The charter sets out:

- ♦ the Board composition;
- ♦ the Board's role and responsibilities;
- ♦ the relationship and interaction between the Board and management; and
- ♦ the authority delegated by the Board to management and Board committees.

Although the Board is ultimately responsible for the overall direction and performance of the Company and the Group, the Chief Executive Officer, under the direction of the Board, is responsible for the day-to-day management and operation of the Company.

Corporate governance statement (cont.)

The below diagram summaries the Company's governance model.



ROLE OF THE COMPANY SECRETARY

The Company Secretary is responsible for providing support to the Board and its Committees by:

- ♦ monitoring whether the Company's corporate governance policies and charters are followed;
- ♦ advising the Board and the Committees on governance related matters;
- ♦ coordinating distribution of Board and Committee packs;
- ♦ preparing meeting minutes for the Board and Committees; and
- ♦ coordinating induction and professional development for directors.

The Company Secretary will be appointed by the Board and will be directly accountable to the Board through the Chairman.

CODE OF CONDUCT

The Company is committed to maintaining the highest ethical standards in the conduct of its business activities. The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct to be followed by Directors, management, senior executives and other employees.

The key aspects of this code are to:

- ♦ articulate the high standards of honesty, integrity, ethical and law-abiding behaviour of directors and senior executives;
- ♦ encourage the observance of those standards to protect and promote the interest of shareholders and other stakeholders (including employees, clients, service providers and creditors);

Corporate governance statement (cont.)

- ♦ guide directors and senior executives as to the practices thought necessary to maintain confidence in the Company's integrity; and
- ♦ set out the responsibility and accountability of directors and senior executives to report and investigate any reported violations of this code or unethical or unlawful behaviour.

APPOINTMENT OF DIRECTORS

The Company has a formal process in place to ensure that appropriate background checks are undertaken before appointing a person or putting forward to shareholders a candidate for election as a director. Background checks include verification of the candidate's experience, criminal record and bankruptcy history.

Upon proposing a candidate for election or re-election as a director, the Company will provide shareholders with the relevant material information in its possession to allow shareholders to make an informed decision. This generally includes:

- ♦ biographical details of the candidate, including their qualifications, experience and skills which may be beneficial to the Board of the Company; and
- ♦ details of any current or past directorships held by the candidate.

Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

BOARD SKILLS MATRIX

The Company seeks to maintain a Board of Directors with a broad range of skills and diversity. The Board has developed the following matrix which lists the skills and industry experience across the five members of the Board as at 30 June 2020. This skills matrix is reflective of the Board as at 30 June 2020.

Skills	Number of Directors
Leadership and Strategic Direction	5
Corporate Governance	5
Financial and Accounting	5
Risk Based Auditing and Risk Management	5
Legal and Regulatory Compliance	5
Industry Experience	Number of Directors
Financial Markets	5
Wealth Management	4
Funds Management	5
Corporate Advisory	5
Legal and Regulatory Compliance	5

Corporate governance statement (cont.)

COMPOSITION OF THE BOARD FOR FY20

The Company's Board as at 30 June 2020 comprised of majority independent members:

Director	Position
David Evans	Executive Chairman
Alan Dixon	Non-Executive Director (1 November 2019 – 2 July 2020) ¹
Sally Herman	Independent Non-Executive Director
Josephine Linden	Independent Non-Executive Director
Kevin McCann	Independent Non-Executive Director (appointed 28 February 2020)

¹ Alan Dixon permanently stepped down from Executive duties effective 31 October 2019 and assumed the role of Non-Executive Director. Alan Dixon retired from the Board on 2 July 2020, Anthony Pascoe was appointed on 2 July 2020 as an Independent Non-Executive Director to replace Alan Dixon.

Detailed biographies of the Board members at the date of this report are given in the Directors' Report (see from page 28 of the Annual Report), including the number of years in office, skills, experience and current and former directorships.

The ASX Principles and Recommendations state that the Chairman position be held by an independent Non-Executive Director. The Directors have reserved absolute discretion to determine the appropriate composition of the Board and have determined not to follow the ASX Principles and Recommendations that the Chairman position be held by an independent Non-Executive Director at this time. The Company believes it is appropriate for David Evans to be the Executive Chairman given he is the founder of Evans & Partners and has deep experience and knowledge in the industry sectors in which the Group operates.

DIVERSITY

The Board recognises the importance of diversity and believes that it creates value for shareholders by fostering innovation, productivity and responsiveness. Diversity is a key strategic asset of the Group and therefore improving diversity is a key strategic focus.

The Group's commitment to diversity forms part of its merit-based organisational culture dedicated to the recruitment and retention of the best available talent at all levels, up to and including the Board. The Group believes that embracing diversity in its workforce contributes to the achievement of its corporate objectives and enhances its reputation.

The Company has adopted a Diversity Policy which outlines the Company's commitment to achieving diversity across the Group. Under the policy, the Board is expected to establish measurable objectives for achieving gender diversity and to annually review and assess both the measurable objectives for achieving gender diversity and the Group's progress in achieving them.

Corporate governance statement (cont.)

MEASURABLE OBJECTIVES

As required by the Group's Diversity Policy, the Board is required to set measurable objectives to allow it to achieve diversity on the Board. The Board agreed to not have less than 30% of each gender at all times as a measurable objective for FY20.

GENDER DIVERSITY DATA

The proportion of men and women employed by the Company as at 30 June 2020 is set out in the table below.

Level	Men	Women
Board	60%	40%
Key Management Personnel (excluding Directors)	100%	0%
Employees	59%	41%

INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT FOR DIRECTORS

On appointment, the directors of the Company are individually briefed by the Board, CEO, CFO and senior management and receive a suite of documents including key corporate governance policies and charters, the Company's strategic plans and the relevant financial forecast materials. Except where a new Director has significant legal experience, each new director also receives a legal induction which includes an overview of directors' duties and all relevant policies.

The Company Secretary is responsible for facilitating the induction and ongoing development of all directors, and where necessary, from time to time, may recommend relevant courses and industry seminars which may benefit the directors and assist members in discharging their duties.

The Board regularly participates in educational sessions in areas of relevance to develop and maintain the skills and knowledge needed to perform their role as director.

BOARD PERFORMANCE EVALUATION PROCESS

The Board has delegated the responsibility to the People, Nomination and Remuneration Committee for establishing processes to evaluate the performance of the Board, and the Committees, both collectively and individually.

Corporate governance statement (cont.)

The Company has adopted the following evaluation process:

- ♦ on an annual basis, each director must complete an evaluation questionnaire concerning the Board, Committees and each individual director;
- ♦ the Chairman of the People, Nomination and Remuneration Committee is responsible for collating the responses from each director and presenting the aggregated information to the Board for discussion and feedback; and
- ♦ results from the current questionnaire may be benchmarked against data gathered through the performance evaluation process conducted in prior years.

A performance evaluation for the Board was undertaken for the relevant period in accordance with the processes described above.

SENIOR EXECUTIVE PERFORMANCE EVALUATION PROCESS

The Company has entered into an employment contract with each of its senior executives setting out the terms and conditions of their employment.

The Board is responsible for regularly reviewing the performance of key senior executives against measurable and qualitative indicators as decided by the Board. The People, Nomination and Remuneration Committee is responsible for annually reviewing the performance of the Group CEO against the achievement of strategic and financial objectives of the Group in addition to a review of the Group CEO's personal performance in respect of his leadership of the Group.

A performance evaluation for the senior executives, including the CEO was undertaken in FY20 in accordance with the processes described above.

POLICIES

FRAUD AND CORRUPTION POLICY

Any fraud or corruption committed against the Company is a major concern to the Company. The Company requires all officers, associates and employees at all times to act honestly and with integrity, and to safeguard the Company resources for which they are responsible. The Company is also committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits. Accordingly, the Board has adopted a fraud and corruption policy.

The fraud and corruption policy applies to all officers and employees (including directors, executives and managers) of the Company and the Group.

Corporate governance statement (cont.)

SECURITIES TRADING POLICY

The Company has adopted a Securities Trading Policy which applies to the Company and its directors, officers, employees, including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly (i.e. key management personnel) and associates of the Company directors, officers and employees (associates).

The policy is intended to explain the types of conduct in relation to dealings in shares of the Company that are prohibited under the Corporations Act and establish procedures in relation to Directors, officers, employees, key management personnel or Associates dealing in shares of the Company.

The Securities Trading Policy defines certain 'trading windows' during which trading in shares of the Company by directors, officers and certain key management personnel is permitted. In all instances, buying or selling of shares of the Company is not permitted at any time by any person who possesses price-sensitive information.

MARKET DISCLOSURE POLICY

The Company is required to comply with the continuous disclosure obligations of the ASX Listing Rules and the Corporations Act. The Company is committed to observing its continuous disclosure obligations and has adopted a Market Disclosure Policy which establishes procedures that are aimed at ensuring that directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information. The CEO, in consultation with the Board, will review the policy as often as it considers necessary.

The Board is responsible for monitoring compliance with the policy. The CEO, CFO, Company Secretary and any other persons nominated by the Board from time to time have the responsibility for managing the Company's compliance with its continuous disclosure obligations. The disclosure officer will be responsible for the disclosure of material information to the ASX. Any items of materiality that require disclosure, require the approval of the Chairman of the Board prior to release.

SHAREHOLDER COMMUNICATIONS POLICY

The Board's aim is to provide shareholders with sufficient information to assess the performance of the Company and to inform them of major developments affecting the affairs of the Company relevant to shareholders in accordance with all applicable laws. The Company has adopted a Shareholders Communications Policy which aims to promote effective communication with its shareholders and encourage effective participation at general meetings of the Company.

Corporate governance statement (cont.)

Information will be communicated to shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the Company's website. In particular, the Company's website will contain information, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements made to the market and any other relevant information will be posted on the Company's website as soon as they have been released to the ASX.

Each shareholder is provided online access to the Registry to allow them to receive communications from, and send communication to, the Company and the Registry. The Board encourages full participation of shareholders at the annual general meeting. Shareholders who are unable to attend the annual general meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting.

The Company will ensure that its external auditor attends the Company's annual general meeting and is available to answer questions from the shareholders relevant to the audit.

BOARD COMMITTEES

PEOPLE, NOMINATION AND REMUNERATION COMMITTEE

The Board has established a People, Nomination and Remuneration Committee to help the Board fulfil its statutory, fiduciary and regulatory responsibilities and achieve its objectives to seek to ensure that the Company:

- ♦ has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- ♦ has coherent remuneration policies and practices to attract and retain executives and directors who can reasonably be expected to create value for shareholders;
- ♦ observes those remuneration policies and practices; and
- ♦ fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general external pay environment.

The People, Nomination and Remuneration Committee is also responsible for:

- ♦ identifying and recommending to the Board nominees for membership of the Board;
- ♦ annually evaluating the performance of the Board, both collectively and individually;
- ♦ reviewing, approving and recommending to the Board for adoption executive remuneration and incentive policies and practices;
- ♦ reviewing the remuneration of Non-Executive Directors for serving on the Board and any committee (both individually and in total); and
- ♦ reviewing any insurance premiums or indemnities for the benefit of directors and officers.

Corporate governance statement (cont.)

The committee is governed by the People, Nomination and Remuneration Committee charter. The charter provides that the committee must comprise of at least three directors, majority of whom are independent directors. The chairman of this committee must be an independent Non-Executive Director.

Members of the People, Nomination and Remuneration Committee during FY20 were:

- ♦ Sally Herman (Chairman, Independent Non-Executive Director)
- ♦ Josephine Linden (Independent Non-Executive Director)
- ♦ David Evans (Executive Director)
- ♦ Kevin McCann (Independent Non-Executive Director) (Appointed to the Committee on 27 March 2020)

AUDIT, RISK & COMPLIANCE COMMITTEE

The role of the Audit, Risk and Compliance committee is to assist the Board to carry out its role in overseeing the audit, risk management and compliance practices of the Company. The Committee is accountable to the Board for its performance.

The Audit, Risk & Compliance Committee has adopted a formal charter which includes the role and responsibilities of the committee. The charter provides that the committee must comprise of at least three directors, all being Non-Executive Directors who are financially literate (and at least one of whom is a financial expert) and a majority of independent directors. All members of this committee must be able to read and understand financial statements and at least one member be a qualified accountant or other financial professional with experience of financial and accounting matters.

The CEO, CFO and CRO are standing invitees of each meeting of the committee. The chairperson of the committee (or a person nominated by the chairperson of the committee) must report to the Board following each meeting of the committee on all matters relevant to the committee's duties and responsibilities.

Members of the Audit, Risk & Compliance Committee during FY20 were:

- ♦ Sally Herman (Chairman, Independent Non-Executive Director)
- ♦ Josephine Linden (Independent Non-Executive Director)
- ♦ Peter Anderson (Independent Non-Executive Director) (resigned from the Committee 8 July 2019)
- ♦ Kevin McCann (Independent Non-Executive Director) (appointed to the Committee 5 June 2020)

More information on the number of committee meetings held during the reporting period and the individual committee member attendance can be found in the Directors Report from page 28.

Corporate governance statement (cont.)

AUDIT AND RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

The Audit, Risk and Compliance Committee assists the Board with its oversight of the Company's risk management systems. Each of the Company's key underlying divisions maintain a risk management framework which is reviewed on a quarterly basis by the respective compliance committee of that division that is overseen by the Board. A formal review of the Company's risk management systems and respective division's risk management framework is undertaken at least annually.

An annual review of the Company's risk management systems has taken place during the reporting period.

INTERNAL AUDIT FUNCTION

The Company does not currently have an internal audit function in place. For its current size and scale, the Company relies on senior executives and internal operational, risk and compliance teams to perform supervising and monitoring over the Company's risk management systems, internal controls and governance. The Company compliments this with the use of external consultants who will work with the executive, operational, risk and compliance teams. The Company regularly reviews the size and scale of its operations with respect to the suitability of establishing an internal audit function.

EXTERNAL AUDIT FUNCTION

The Audit, Risk & Compliance Committee is responsible for overseeing the external auditor who demonstrates independence. The performance of the external auditor is reviewed annually. The external auditor attends each Annual General Meeting where they are available to answer any shareholder questions about the conduct of the audit and the preparation of the auditor's report.

MATERIAL EXPOSURE TO SUSTAINABILITY RISKS

There are a number of material business risks that could adversely affect the Group and the achievement of the Group's financial performance objectives, including market risk, liquidity risk and credit risk. Those risks and how they are managed are described on page 116 of the Annual Report.

Other key risks include:

- ♦ regulatory risk, compliance and legislative change;
- ♦ changing market conditions;
- ♦ increased market competition and disintermediation;

Corporate governance statement (cont.)

- ♦ reputation and brand risk;
- ♦ failure to attract and retain skilled personnel and key senior executives;
- ♦ operating systems, processing and controls failure;
- ♦ professional liability risk;
- ♦ information systems and cyber risk; and
- ♦ foreign exchange rate risk.

The Group does not have any material exposure to environmental or social sustainability risks.

FINANCIAL STATEMENTS DECLARATIONS

As required under section 295A of the *Corporations Act 2001*, the CEO and CFO are required to provide written declarations for a financial period confirming that in their opinion, the financial records of the Company have been properly maintained and the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Company, based on their review of the internal control systems, management of risk, the financial statements and the letter from the Company's external auditor.

The CEO and CFO have provided a written statement in compliance with section 295A of the *Corporations Act* in respect of the 2020 full year statutory accounts of the Company.

Corporate governance statement (cont.)

REMUNERATION POLICIES AND PRACTICES

The Company's policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive directors and other senior executives are disclosed in the Company's Remuneration Report on page 40 of the Annual Report.

EQUITY BASED REMUNERATION SCHEMES

The Company has adopted a Loan Funded Share Plan (**LFSP**) and a Share Options/Rights Plan (**ORP**) for Australian-based employees. During the period the Company has issued interests in the ORP for Australian-based employees to:

- ♦ provide an incentive for them to remain in their employment;
- ♦ recognise their ongoing ability and expected efforts;
- ♦ acknowledge their contribution to the performance and future success of the Group; and
- ♦ provide a means through which they may acquire shares in the Company and benefit from the potential growth in the Company's share price.

Further details of the LFSP and ORP are provided in the notes to the financial statements (see page 112 of the Annual Report).

The Company's Securities Trading Policy prohibits directors, officers and employees of the Company from using derivatives in relation to any unvested Company shares in any way.

Directors' Report

INTRODUCTION

The Directors of Evans Dixon Limited (the **Company**) submit herewith the annual report of the consolidated entity comprising the Company and its controlled entities (herein referred to as the **Group**) for the financial year ended 30 June 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names and particulars of the directors of the company during or since the end of the financial year are:

- ♦ David Evans, Executive Chairman
- ♦ Alan Dixon, Non-Executive Director (1 November 2019 – 30 June 2020), resigned 2 July 2020, Executive Director (1 July 2019 – 31 October 2019)
- ♦ Sally Herman, Non-Executive Director
- ♦ Josephine Linden, Non-Executive Director
- ♦ Kevin McCann, Non-Executive Director (appointed 28 February 2020)
- ♦ Anthony Pascoe, Non-Executive Director (appointed 2 July 2020)
- ♦ Peter Anderson, Non-Executive Director (resigned 8 July 2019)

COMPANY SECRETARIES

The following persons were company secretaries of Evans Dixon Limited during the financial year and up to the date of this report:

- ♦ Paul Ryan (appointed 1 February 2020)
- ♦ Warwick Keneally (appointed 8 July 2019, resigned 3 February 2020)
- ♦ Simon Barnett (resigned 8 November 2019)
- ♦ Tristan O'Connell (resigned 8 July 2019)

Directors' Report *(cont.)*

INFORMATION ON CURRENT DIRECTORS



Member of:
People, Nomination
and Remuneration
Committee

DAVID EVANS

David Evans has been a director of Evans Dixon since February 2017.

David Evans is the Executive Chairman of Evans Dixon Limited, having established Evans and Partners Pty Ltd in June 2007.

Since 1990, he has worked in a variety of roles within JB Were & Son and then the merged entity Goldman Sachs JBWere Pty Ltd.

Prior to establishing Evans and Partners, David ran Goldman Sachs JBWere's (GSJBW) Private Wealth business and the Institutional Equities business. His most recent role at GSJBW was as Managing Director and Chief of Staff.

He is a director of Seven West Media (SWM) and a member of the People, Remuneration & Nomination Committee. He is a member of the Victorian Police Corporate Advisory Group, Chairman of Cricket Australia's Investment Committee and holds a Bachelor of Economics from Monash University.

Directors' Report (cont.)



ALAN DIXON

Alan Dixon had been a director of Evans Dixon since December 2015, before retiring from the Board on 2 July 2020.

Alan Dixon was previously the Managing Director and CEO of Evans Dixon, a funds management and financial advisory firm established in February 2017 through the merger of Evans & Partners and Dixon Advisory.

Alan joined Dixon Advisory in January 2001. Prior to joining Dixon Advisory, Alan worked in Chartered Accountancy and Investment Banking roles in Australia. He holds a Bachelor of Commerce from the Australian National University and is a member of the Institute of Chartered Accountants in Australia.

Directors' Report (cont.)



Chairman of:
People, Nomination
and Remuneration
Committee
Audit, Risk and
Compliance
Committee

SALLY HERMAN

Sally Herman has been a director of Evans Dixon since March 2018.

Sally is Chairman of the Audit, Risk and Compliance Committee, and Chairman of the People, Nomination and Remuneration Committee. She brings to Evans Dixon strong expertise in financial services and working with customers, shareholders, regulators and government.

Sally has deep executive experience running customer-facing financial services businesses in the US and Australia. She has held board positions (including on subsidiary boards) of financial services organisations for over 20 years, with a focus on governance, regulation and compliance.

Sally's current listed company directorships include Breville Group Limited, Premier Investments Limited, and Suncorp Group Limited. She is also a director of Investec Property Limited (since July 2013), the responsible entity of listed trust Investec Australia Property Fund.

During her 16 years at Westpac (from 1994 to 2010), Sally held significant executive roles. Running the Corporate Affairs function during Westpac's merger with St George, the largest financial services transaction in Australia at the time. Sally had also led the product function of retail and business banking and the Financial Planning business. Sally holds a Bachelor of Arts from University of NSW.

Directors' Report (cont.)



Member of:

People, Nomination
and Remuneration
Committee

Audit, Risk and
Compliance
Committee

JOSEPHINE LINDEN

Josephine Linden has been a director of Evans Dixon since March 2018.

Josephine Linden is Founder and Chief Executive Officer of Linden Global Strategies, a wealth management advisory firm and multifamily office. She retired from Goldman Sachs as a Partner and Managing Director in 2009, after being with the firm for over 25 years and was previously an Advisor to Goldman Sachs JBWere, Australia.

Josephine serves on private and non-profit boards. She is the Chairman of Lands' End, Director of Trine Corporation Inc. and Emeritus Ambassador of Advance.org. She has served as a Trustee for the Collegiate School, and currently sits on the Investment Committee, and served as Treasurer.

She was an Adjunct Professor at the Business School of Columbia University, where she taught a class in wealth management, and currently teaches and moderates ad hoc sessions. She is a member of the Council on Foreign Relations. She holds an MBA from University of Chicago and a BA from the University of Sydney.

Having spent her childhood and young adult life in Sydney, Josephine continues to maintain strong ties to Australia despite being based in New York City. Josephine is an active contributor to the Australian Consulate in New York and has had the honour of presenting at the Australia Day address on two occasions.

Directors' Report (cont.)



KEVIN McCANN

Kevin McCann has extensive board experience with some of Australia's most recognised companies. He is the current Chairman of Telix Pharmaceuticals Limited and China Matters Limited, a Pro Chancellor of the University of Sydney, a member of the Male Champions of Change, Chairman and Director of China Matters and a trustee of the Sydney Opera House Trust.

Member of:

People, Nomination
and Remuneration
Committee

Audit, Risk and
Compliance
Committee

He is also a former Chairman of Macquarie Group Limited and Macquarie Bank Limited, Origin Energy Limited, Healthscope Limited, ING Management Limited and the Sydney Harbour Federation Trust.

Kevin practised as a Commercial Lawyer as a Partner of Allens Arthur Robinson from 1970 to 2004 and was Chairman of Partners from 1995 to 2004.

He has a Bachelor of Arts and Law with Honours from Sydney University and a Master of Laws from Harvard University. Kevin was appointed an Officer of the Order of Australia in 2020 for service to Business, Corporate Governance and Gender Equality.

Directors' Report *(cont.)*



ANTHONY PASCOE

Anthony Pascoe joined the Board on 2 July 2020 and is a highly skilled executive with extensive experience in management and directorship roles across several significant Australian public and private companies. As the former Chief Executive Officer of Lendlease Ventures, Anthony was instrumental in steering the company to become a recognised market leader in clean technology investment. He was also Global Chief Operating Officer of Lendlease Investment Management, where he was responsible for overseeing the firm's governance, risk management, sustainability and HR frameworks.

Prior to that time Anthony was Chief Financial Officer of Blackmores Limited where he was also appointed to the board. He is currently Executive Chairman of technology enabled services business, Integrated Workforce Solutions.

Anthony has a Bachelor of Commerce from the University of Queensland and is an alumnus of executive development programs at The Wharton School (University of Pennsylvania), The Kellogg School of Management (Northwestern University) and Social Leadership Australia. Anthony is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

INFORMATION ON CURRENT COMPANY SECRETARY

PAUL RYAN

Paul is currently Chief Financial Officer of Evans Dixon and brings significant executive and leadership experience to his role. He has a deep understanding of the Evans Dixon Group built over twelve years across multiple roles, including five years as Chief Executive Officer of Evans and Partners.

Prior to this he was a top-rated research analyst for over a decade at Goldman Sachs JBWere. He began his career as a banking and finance solicitor at Minter Ellison.

He has a Bachelor of Arts and a Bachelor of Laws with Honours from the University of Melbourne. Paul is also a Graduate of the Australian Institute of Company Directors and the International Executive Program at INSEAD.

Directors' Report (cont.)

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member):

	Board meeting		People, Nomination and Remuneration Committee		Audit, Risk and Compliance Committee	
	A	H	A	H	A	H
David Evans	15	15	5	5	#	#
Alan Dixon	13	15	#	#	#	#
Sally Herman	15	15	5	5	7	7
Josephine Linden	9	15	5	5	4	7
Peter Anderson	1	1	#	#	#	#
Kevin McCann	7	7	2	2	1	1
Anthony Pascoe	-	-	-	-	-	-

A – Number of meetings attended.

H – Number of meetings held during the time the Director held office during the year. Includes sub-committee meetings.

– Not a member of committee.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES TO NATURE OF ACTIVITIES

The principal activities of the Group during the financial year were the provision of financial advice, investment advice, stockbroking services, property design and construction management, self-managed superannuation fund administration, the management of investment companies and managed investment schemes, Responsible Entity services to managed investment schemes and advisory services to corporations on equity and debt capital market transactions.

There has been no significant change in the nature of these activities during the year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There has been no significant changes in state of affairs during the year.

REVIEW AND RESULTS OF OPERATIONS

The consolidated loss of the Group after providing for income tax amounted to \$30.5 million (2019: profit of \$16.8 million). Please refer to the section 'Year in review' on page 7 for further detail on the review and results of operations for the year ended 30 June 2020.

Directors' Report (cont.)

DIVIDENDS

Fully franked dividends of \$12.9 million (2019: \$25.1 million) were declared or paid to shareholders during the year as follows:

- ♦ 3.0 cents per share paid on 11 October 2019 amounting to \$7.0 million; and
- ♦ 2.5 cents per share paid on 14 April 2020 amounting to \$5.9 million.

SUBSEQUENT EVENTS

In the context of COVID-19, on 2 August 2020, the Victorian State government declared a State of Disaster, including the introduction of Stage 4 lockdowns in the Melbourne metropolitan region. The implications of this and the wider ongoing global pandemic on business performance and conditions remains highly uncertain.

On 20 August 2020, the Group entered into a premium financing agreement in the amount of \$4.95 million, for the purposes of funding upfront premiums due in respect of Group insurance policies.

No other matters or circumstances have arisen since 30 June 2020 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Group has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them, to the extent permitted by the *Corporations Act 2001*, in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company or a controlled entity, other than conduct involving a wilful breach of duty in relation to the Company or a controlled entity.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

ENVIRONMENTAL REGULATION

The Directors are satisfied that adequate systems are in place for management of the Group's environmental responsibility and compliance with various requirements and regulations in Australia and the United States of America. The Directors are not aware of any material breaches to these requirements, and to the best of their knowledge, all activities have been undertaken in compliance with environmental requirements.

Directors' Report (cont.)

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 8 to the financial statements. The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Directors are of the opinion that the services as disclosed in Note 8 to the financial statements do not compromise the external auditor's independence, for the following reasons:

- ◇ All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor.
- ◇ None of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included immediately after this report on page 53.

Directors' Report (cont.)

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 that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors,

A handwritten signature in black ink, appearing to read 'David Evans', with a long horizontal flourish extending to the right.

David Evans

Director

A handwritten signature in black ink, appearing to read 'Sally Herman', with a large, stylized 'S' at the beginning.

Sally Herman

Director

Dated: 27th August 2020

Directors' Report:

Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Evans Dixon Limited's key management personnel for the year ended 30 June 2020. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

- ♦ Details of Key Management Personnel (**KMP**)
- ♦ Remuneration policies and practices
- ♦ Relationship between the remuneration policy and group performance
- ♦ Remuneration of Non-Executive Directors
- ♦ Details of Non-Executive Directors remuneration for the year ended 30 June 2020
- ♦ Remuneration of Executive KMP
- ♦ Remuneration of Executive KMP – Chief Executive Officer
- ♦ Remuneration of Executive KMP – Chief Financial Officer and Chief Risk Officer
- ♦ Details of Executive KMP remuneration for the year ended 30 June 2020
- ♦ Key terms of employment contracts – Executive KMP
- ♦ KMP equity holdings
- ♦ Other transactions with KMP

Directors' Report: Remuneration Report (cont.)

DETAILS OF KEY MANAGEMENT PERSONNEL (KMP)

The following persons are considered Key Management Personnel of the Group during the financial year:

Name	Role	Period
David Evans	Executive Director and Executive Chairman	1 July 2019 – 30 June 2020
Alan Dixon	Executive Director	1 July 2019 – 31 October 2019
	Non-Executive Director	1 November 2019 – 30 June 2020
Sally Herman	Independent Non-Executive Director	1 July 2019 – 30 June 2020
Josephine Linden	Independent Non-Executive Director	1 July 2019 – 30 June 2020
Kevin McCann	Independent Non-Executive Director	28 February 2020 – 30 June 2020
Peter Anderson	Independent Non-Executive Director	1 July 2019 – 8 July 2019
	Chief Executive Officer	9 July 2019 – 30 June 2020
Paul Ryan	Chief Financial Officer & Company Secretary	1 February 2020 – 30 June 2020
James Wincott	Chief Risk Officer	26 May 2020 – 30 June 2020
Parrish Davis	Chief Operating Officer	1 July 2019 – 20 March 2020
Tristan O'Connell	Chief Financial Officer	1 July 2019 – 8 July 2019

REMUNERATION POLICIES AND PRACTICES

Executive remuneration and incentive policies and practices are performance based and aligned with the Group's vision, values and overall business objectives.

The Board established a People, Nomination and Remuneration Committee (**PNRC**) which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the directors and executive management team. The PNRC monitors people, remuneration practices and performance to ensure governance, risk management, equal employment opportunity and diversity while balancing the interests of shareholders, clients and employees.

Executive remuneration and incentive policies and practices are designed to:

- ♦ motivate directors and senior management to pursue the Group's long-term growth and success;
- ♦ demonstrate a clear relationship between the Group's overall performance and the performance and behaviours of executives; and
- ♦ comply with all relevant legal and regulatory provisions.

Directors' Report: Remuneration Report (cont.)

RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND GROUP PERFORMANCE

The review of the performance of the Executive KMP includes both qualitative and quantitative factors, including delivery on strategic objectives and the financial performance of the Group. The Chief Executive Officer's remuneration level, including annual bonus outcome, is recommended by the Executive Chairman, endorsed by the PNRC and approved by the Board. The other Executive KMP and Senior Executives remuneration levels, including annual bonus outcomes, are recommended by the Chief Executive Officer, endorsed by the PNRC and approved by the Board. Non-Executive Directors receive a fixed fee regardless of Group performance.

The company's annual financial performance and indicators of shareholders' wealth for the current and past financial year are summarised below.

Performance of KMP	FY20	FY19	% Change
Total Compensation Expense (\$ million)	119.8	126.5	(5%)
Compensation Expense to Net Revenue Ratio	62.5%	59.6%	
Statutory EBITDA (\$ million)	34.4	35.1	(2%)
Statutory NPAT (\$ million)	(30.5)	16.8	(282%)
Statutory EPS (cents per share)	(13.6)	7.5	(281%)
Underlying EBITDA (\$ million)	37.2	37.1	0%
Underlying NPATA (\$ million)	13.3	21.8	(39%)
Underlying EPS (cents per share)	5.9	9.8	(40%)
Share price at end of year	\$0.535	\$0.80	(33%)
Interim dividend (cents per share)	2.5	5.0	(50%)
Final dividend (cents per share)	–	3.0	(100%)
Key management personnel remuneration (\$ million)	4.8	2.7	78%

Directors' Report: Remuneration Report (cont.)

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Under the Constitution, the total amount of fees paid to all Directors for their services (excluding the salary of an Executive Director) must not exceed in aggregate \$1,200,000 per annum in any financial year. Any change to this aggregate annual sum needs to be approved by Shareholders in a general meeting. The ASX Listing Rules require that the remuneration of Executive Directors must not include a commission on, or a percentage of, operating revenue.

Annual Directors' fees currently agreed to be paid by the Company to a Non-Executive Director are \$175,000 per annum plus \$25,000 per annum in aggregate if the Director is appointed a member of any Board committees for the Company.

Shares, options, rights and other share-based payments may be provided to Non-Executive Directors as part of their remuneration according to the rules of any share plan that has or may be introduced and adopted by the Company, subject to the Listing Rules and requirements of the Corporations Act. The value of any such shares, options, rights and other share-based payments will not be included in the aggregate maximum amount.

DETAILS OF NON-EXECUTIVE DIRECTORS REMUNERATION FOR THE YEAR ENDED 30 JUNE 2020

Sally Herman received \$200,000 for her role as Independent Non-Executive Director and sitting committee member of: People, Nomination and Remuneration Committee; and Audit, Risk and Compliance Committee for the period 1 July 2019 to 30 June 2020.

Josephine Linden received \$200,000 for her role as Independent Non-Executive Director and sitting committee member of: People, Nomination and Remuneration Committee; and Audit, Risk and Compliance Committee for the period 1 July 2019 to 30 June 2020.

Kevin McCann received \$67,436 for his role as Independent Non-Executive Director and sitting committee member of: People, Nomination and Remuneration Committee; and Audit, Risk and Compliance Committee for the period 28 February 2020 to 30 June 2020.

Peter Anderson received \$4,383 for his role as Independent Non-Executive Director and sitting committee member of: Audit, Risk and Compliance Committee for the period 1 July 2019 to 8 July 2019.

Alan Dixon did not receive any remuneration for his role as Non-Executive Director for the period 1 November 2019 to 30 June 2020.

Directors' Report: Remuneration Report (cont.)

REMUNERATION OF EXECUTIVE KEY MANAGEMENT PERSONNEL

In this Remuneration Report, the term 'Executive KMP' is used to refer to David Evans for the 1 July 2019 to 30 June 2020 year with Peter Anderson, Paul Ryan, James Wincott, Alan Dixon, Tristan O'Connell and Parrish Davis also considered Executive KMP for the aforementioned certain periods of the 1 July 2019 to 30 June 2020 year.

The Executive KMPs receive a variable level of remuneration. To achieve the aims of attracting, motivating and retaining capable individuals, remuneration for all employees includes a mix of fixed and variable remuneration components. The fixed component is delivered through a base salary inclusive of superannuation. The variable component is delivered through the annual discretionary bonus scheme. The process for determining remuneration as it applies to Executive KMP is described in this Remuneration Report.

Each Executive KMP is eligible to participate in the annual bonus scheme. Participation is determined through Executive KMP performance evaluation against group performance and individual performance, which includes an assessment of financial and non-financial measures including strategic initiatives and behavioural expectations for Executives. The Executive KMP must be employed at the time bonuses are paid in order to receive a bonus. Payment of bonuses are made in cash.

During the year the Board determined to cease making new offers under the employee loan funded share plan and instead transitioned to the previously established share options/rights plan (**ORP**). Participation in the ORP is subject to vesting conditions, Participants will forfeit their rights if the vesting conditions are not met. Participants who forfeit their rights will not be entitled to any gains. No performance hurdles are attached to the existing tranches under the ORP. Currently no rights have been granted to KMP under the ORP. The Chief Executive Officer and Chief Financial Officer have been offered the opportunity to participate in the next issue of share rights (expected to be in October 2020).

In addition to the annual bonus scheme, the Executive Chairman's salary compensation includes a fixed bonus component which is payable six-monthly. As he did for the full financial year 2019, the Executive Chairman voluntarily waived his entitlement to any fixed bonus component for the full financial year 2020.

The review of salaries and the payment of bonuses to Executive KMPs is determined annually by the Board on recommendation from the People, Nomination and Remuneration Committee. Fixed remuneration reflects the role scope and the Executive's skills and experience. In determining salary increases (if any) and the bonus amounts (if any) for Executive KMPs, the Board takes into account a range of factors including the performance of the Group, market remuneration levels, key metrics such as total compensation of all employees as a percentage of Group net revenue, as well as the performance of each Executive KMP appropriately weighted to ensure shared accountability against financial and non-financial measures.

Directors' Report: Remuneration Report (cont.)

REMUNERATION OF EXECUTIVE KEY MANAGEMENT PERSONNEL – CHIEF EXECUTIVE OFFICER

Shortly after the beginning of the year ended 30 June 2020, Peter Anderson was recruited to become Chief Executive Officer from his previous role as Executive Chairman of McGrath Nicol. His executive experience, restructuring skills and leadership were consistent with the Board's mandate for a restructure to address significant issues facing the Group.

Peter's KPIs for the year ending 30 June 2020 were linked to the following objectives:

1. putting in place initiatives to address the significant legacy issues confronting the Group;
2. completion of a comprehensive operational review;
3. development of a Board approved strategic plan to transition the Group's business model to make it fit for purpose for the post-Hayne Royal Commission financial services landscape; and
4. implementation of that strategic plan.

Peter has delivered significant value for shareholders in the formation and execution of the strategic plan to date. It is acknowledged by the Board that near-term financial performance will likely be impacted by the deliberate change in operating model of certain segments of the business. Notable achievements during the year ending 30 June 2020 include:

- ♦ replacement of senior management team including introduction of a Chief Risk Officer;
- ♦ formation and commencement of implementation of US Masters Residential Fund turnaround plan (new management team, cost reduction, yield improvement, asset sale program and debt reduction) and unitholder communications;
- ♦ formation and commencement of implementation of strategies to address liquidity and value issues existing within other in-house real asset funds;
- ♦ improved governance structure (whole of firm Investment Committee with independent Chairman, independent Responsible Entity Directors including Chairman, independent Governance review, improved reporting lines with independent oversight);
- ♦ Board approval of Group and Divisional Strategic Plans in October 2019; and
- ♦ commencement of implementation of strategic plans including:
 - creation of a single, integrated Wealth Advice business;
 - whole of business margin and efficiency review;
 - whole of business remuneration review to better align employee incentives to shareholder returns;

Directors' Report: Remuneration Report (cont.)

- deliberate transitioning away from related party revenues in Funds Management business;
- commitment not to seed any further real asset funds into the retail client base;
- increasing depth and breadth of E&P offering including Investment Banking, Equity Capital Markets & Debt Capital Markets;
- strategically expanding research coverage and capability;
- 22% reduction in Group headcount (delivering a ~\$12 million annualised fixed remuneration expense saving) while achieving improved business integration;
- operating cost efficiencies exceeding \$1.6 million on an annualised basis; and
- wind down/closure of non-core businesses including Dixon Projects and Custody.

Taking into consideration his performance against KPIs, the Board approved Peter being awarded a:

- ♦ short-term incentive in the form a \$780,000 cash bonus, equating to 65.0% of his total fixed remuneration (66.5% adjusted for his start date of 9th July 2019) compared to the target of up to 80%; and
- ♦ long-term incentive in the form of an opportunity to participate in the ORP to the value of \$630,000, equating to 52.5% of his total fixed remuneration compared to the target of up to 70%.

REMUNERATION OF EXECUTIVE KEY MANAGEMENT PERSONNEL – CHIEF FINANCIAL OFFICER AND CHIEF RISK OFFICER

Paul Ryan commenced as Chief Financial Officer on 1 February 2020 and James Wincott commenced as Chief Risk Officer on 26 May 2020. Given both Paul and James commenced their respective roles in the latter half of the financial year, the Chief Executive Officer and the People, Nomination and Remuneration Committee have determined that a full set of KPI metrics was not appropriate for the remaining portion of the year ended 30 June 2020 in relation to Paul and James.

For the next financial year ending the 30 June 2021, the Chief Executive Officer and the People, Nomination and Remuneration Committee will have in place a comprehensive set of agreed KPIs for both Paul and James in order to assess their individual performance against relevant metrics and to determine the appropriate level of discretionary entitlements, to be approved by the Board, as per their respective employment contracts.

Directors' Report: Remuneration Report (cont.)

DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION

	Short term employee benefits			Post employment benefits	Long term employee benefits	
	Salaries and fees	Bonuses	Other	Super-annuation	Long service leave	Total
	\$	\$	\$	\$	\$	\$
30 June 2020						
Executive KMP						
David Evans ¹	538,997	-	18,566	21,003	(18,256)	560,310
Alan Dixon ²	208,333	280,000	111,175	8,333	105,935	713,776
Peter Anderson ^{3,4}	1,161,200	780,000	80,150	20,623	4,933	2,046,906
Paul Ryan ^{5,6}	178,749	140,000	21,655	8,751	56,074	405,229
James Wincott ⁷	42,350	10,000	4,556	4,023	8	60,937
Tristan O'Connell ⁸	5,673	-	52,674	539	(2,117)	56,769
Parrish Davis ⁹	213,686	-	218,484	21,003	(4,136)	449,037
Non-Executive KMP						
Alan Dixon ¹⁰	-	-	-	-	-	-
Sally Herman	191,324	-	-	8,676	-	200,000
Josephine Linden	200,000	-	-	-	-	200,000
Kevin McCann ¹¹	61,585	-	-	5,851	-	67,436
Peter Anderson ¹²	4,003	-	-	380	-	4,383
Total for the year ended 30 June 2020	2,805,900	1,210,000	507,260	99,182	142,441	4,764,783

Notes:

¹ David Evans voluntarily waived the entire fixed bonus component of his remuneration package for the year ended 30 June 2020.

² Alan Dixon was considered an Executive KMP for the period 1 July 2019 to 31 October 2019.

³ On 9 July 2019, Peter Anderson was appointed Chief Executive Officer and as such was considered an Executive KMP for the period 9 July 2019 to 30 June 2020.

⁴ As part of Peter Anderson's LTI, Peter has the opportunity to participate in the next issue of Share rights (expected to be in October 2020) to the equivalent value of \$630,000.

⁵ On 1 February 2020, Paul Ryan was appointed Chief Financial Officer and as such was considered an Executive KMP for the period 1 February 2020 to 30 June 2020.

⁶ Paul Ryan has the opportunity to participate in the next issue of Share rights (expected to be in October 2020) to the equivalent value of \$60,000.

⁷ On 26 May 2020, James Wincott was appointed Chief Risk Officer and as such was considered an Executive KMP for the period 26 May 2020 to 30 June 2020.

⁸ On 8 July 2019, Tristan O'Connell resigned as Chief Financial Officer and as such was considered an Executive KMP for the period 1 July 2019 to 8 July 2019.

⁹ On 20 March 2020, Parrish Davis's position as Chief Operating Officer was made redundant and as such was considered an Executive KMP for the period 1 July 2019 to 20 March 2020.

¹⁰ Alan Dixon was considered a non-Executive KMP for the period 1 November 2019 to 30 June 2020. On 2 July 2020, Alan Dixon retired from his position as Non-Executive Director.

¹¹ On 28 February 2020, Kevin McCann was appointed Non-Executive Director and as such was considered a Non-Executive KMP for the period 28 February 2020 to 30 June 2020.

¹² Peter Anderson was considered a non-Executive KMP for the period 1 July 2019 to 8 July 2019 before being appointed Chief Executive Officer.

Directors' Report: Remuneration Report (cont.)

The table below provides the relative proportion of 2020 Executive KMP remuneration (for the period the individual was considered an Executive KMP), including bonuses:

Executive KMP	Fixed	Variable
David Evans	100%	0%
Alan Dixon	61%	39%
Peter Anderson	62%	38%
Paul Ryan	65%	35%
James Wincott	84%	16%
Tristan O'Connell	100%	0%
Parrish Davis	100%	0%

	Short term employee benefits		Post employment benefits	Long term employee benefits		
	Salaries and fees	Bonuses	Other	Super-annuation	Long service leave	Total
	\$	\$	\$	\$	\$	\$
30 June 2019						
Executive KMP						
David Evans ¹	539,469	-	-	20,531	10,303	570,303
Alan Dixon ¹	535,000	-	-	25,000	-	560,000
Tristan O'Connell ²	295,000	173,760	31,882	20,531	5,662	526,835
Parrish Davis	265,000	200,000	-	20,531	5,061	490,592
Non-Executive KMP						
Sally Herman	182,648	-	-	17,352	-	200,000
Josephine Linden	200,000	-	-	-	-	200,000
Peter Anderson ^{3,4}	46,923	-	-	-	-	46,923
David Crawford AO ⁴	140,499	-	-	13,347	-	153,846
Total for the year ended 30 June 2019	2,204,539	373,760	31,882	117,292	21,026	2,748,499

Notes:

¹ David Evans and Alan Dixon agreed to waive the fixed bonus component of their remuneration packages for the year ended 30 June 2019.

² On 8 July 2019, Tristan O'Connell resigned from his position as Chief Financial Officer.

³ On 9 July 2019, Peter Anderson was appointed Chief Executive Officer. In order to maintain an appropriate balance of independent directors, Peter resigned as a director on the same date.

⁴ Includes remuneration paid or accrued to the respective individuals for the period of time the individual was classified as a KMP.

Directors' Report: Remuneration Report (cont.)

KEY TERMS OF EMPLOYMENT CONTRACTS – EXECUTIVE KMP

The major terms and conditions of the employment contracts of those Executive KMP in place as at 30 June 2020 are as follows:

EXECUTIVE CHAIRMAN

The Company has entered into an executive services agreement with David Evans to govern his employment with the Group. Key provisions of the executive services agreement are as follows:

- ♦ total salary compensation of \$560,000 per annum (including superannuation entitlements) together with a fixed bonus of \$660,000 in respect of each six-month period of the Executive Chairman's employment payable in June and December of each year from 2018 to 2021 (inclusive) with the first bonus in respect of the six months to 30 June 2018;
- ♦ the Executive Chairman voluntarily agreed to waive his entitlement to receive any bonus payment in respect of the six-month periods to 31 December 2019 and 30 June 2020;
- ♦ the ability to participate in any of the Group's bonus schemes applicable to the Executive Chairman and to receive payment of a commission in an amount determined by the CEO in his discretion if the Executive Chairman is responsible for generating business from a client of the Company or a controlled entity which has a significant value to the Company or a controlled entity;
- ♦ an initial fixed term of five years from 22 February 2018. Following the expiration of the initial term, the Executive Chairman's employment will continue on the terms of his executive services agreement on an ongoing basis unless terminated by either party in accordance with the agreement;
- ♦ at any time after the fixed initial term of five years, a right for either the Company or the Executive Chairman to terminate the Executive Chairman's employment by giving three months' written notice;
- ♦ a right for the Company to terminate the Executive Chairman's employment without notice on the occurrence of defined termination events; and
- ♦ six weeks annual leave per year as well as other customary leave entitlements.

In addition, a restraint deed arrangement was entered into by the Company with the Executive Chairman in February 2018, under which the Executive Chairman has given a number of post-employment covenants for the protection of the Group's business. In consideration of the provision of these covenants, a sum of \$5,000,000 was paid to the Executive Chairman in February 2018.

Directors' Report: Remuneration Report (cont.)

Subsequent to 30 June 2020, at David Evans' instigation, the Board has agreed to vary his executive services agreement by removing the entitlement to any fixed bonus and varying his ability to participate in any of the Group's bonus schemes applicable to the Executive Chairman to become subject to achieving agreed performance metrics as determined by the Non-Executive Directors, representing up to 100% of total fixed remuneration.

CHIEF EXECUTIVE OFFICER

A controlled entity of the Company, ED Operations Pty Limited (**ED Ops**), has entered into a contract of employment with Peter Anderson to govern his employment with the Group as Chief Executive Officer (**CEO**). Key provisions of the contract of employment are as follows:

- ♦ total salary compensation of \$1,200,000 per annum (including superannuation entitlements);
- ♦ the ability to participate in any of the Group's short-term incentive (STI) arrangements with a target of up to 80% of total fixed remuneration;
- ♦ the ability to participate in any of the Group's long-term incentive (LTI) arrangements with a target of up to 70% of total fixed remuneration;
- ♦ at any time, a right for either ED Ops or the CEO to terminate the CEO's employment by giving 12 months' written notice;
- ♦ a right for ED Ops to terminate the CEO's employment immediately without notice in customary circumstances for a contract of this nature;
- ♦ non-compete and non-solicitation restraints as consistent with market practice for a contract of this nature; and
- ♦ six weeks annual leave per year as well as other customary leave entitlements.

CHIEF FINANCIAL OFFICER

A controlled entity of the Company, ED Ops, has entered into a contract of employment with Paul Ryan to govern his employment with the Group as Chief Financial Officer (**CFO**). Key provisions of the contract of employment are as follows:

- ♦ total salary compensation of \$450,000 per annum (including superannuation entitlements);
- ♦ the ability to participate in ED Ops's bonus schemes applicable to the CFO, which, subject to achieving agreed performance metrics, represents between 50% and 100% of total fixed remuneration (on a pro-rated basis where relevant);
- ♦ the Company may, at its election in part satisfaction of its obligation to pay the aforementioned bonus amount, apply up to 30% of this amount in an opportunity for subscription of shares in the Company's share rights plan;

Directors' Report: Remuneration Report (cont.)

- ♦ the eligibility for any such bonuses agreed to in the Secondment Agreement with CVC Emerging Companies IM Pty Limited dated 22 February 2019 (a jointly controlled entity of the Group), whilst remaining engaged as a Secondee;
- ♦ at any time, a right for either ED Ops or the CFO to terminate the CFO's employment by giving six months' written notice;
- ♦ a right for ED Ops to terminate the CFO's employment immediately without notice in customary circumstances for a contract of this nature;
- ♦ non-compete and non-solicitation restraints as consistent with market practice for a contract of this nature; and
- ♦ four weeks annual leave per annum as well as other customary leave entitlements.

CHIEF RISK OFFICER

A controlled entity of the Company, ED Ops, has entered into a contract of employment with James Wincott to govern his employment with the Group as Chief Risk Officer (**CRO**). Key provisions of the contract of employment are as follows:

- ♦ total salary compensation of \$450,000 per annum (including superannuation entitlements);
- ♦ the ability to participate in ED Ops's bonus schemes applicable to the CRO which, subject to achieving agreed performance metrics, represents between \$200,000 and \$350,000 gross payment (on a pro-rated basis where relevant);
- ♦ the Company may, at its election in part satisfaction of its obligation to pay the aforementioned bonus amount, apply up to 30% of this amount in an opportunity for subscription of shares in the Company's share rights plan;
- ♦ at any time, a right for either ED Ops or the CRO to terminate the CRO's employment by giving three months' written notice;
- ♦ a right for ED Ops to terminate the CRO's employment immediately without notice in customary circumstances for a contract of this nature;
- ♦ non-compete and non-solicitation restraints as consistent with market practice for a contract of this nature; and
- ♦ five weeks annual leave per annum as well as other customary leave entitlements.

Directors' Report: Remuneration Report (cont.)

KMP EQUITY HOLDINGS

The following table sets out each continuing KMP's interest in shares in the Company as at the date of this report:

	Opening balance 1 July 2019	Shares acquired during the period to the date of this report	Balance at date of this report
David Evans	14,812,393	1,000,000	15,812,393
Sally Herman	170,276	-	170,276
Josephine Linden	-	-	-
Kevin McCann	305,651	-	305,651
Peter Anderson	-	-	-
Paul Ryan	1,904,261	-	1,904,261
James Wincott	-	-	-

OTHER TRANSACTIONS WITH KMP

All transactions with KMPs and KMP-related entities are conducted on arm's-length commercial or employment terms.

The Company sublets part of the building leased at Mayfair Building, 171 Collins Street, Melbourne to two companies of which David Evans is a Director. The total amount charged for the year was \$120,000 plus GST. Amounts charged are based on normal market rates for the given space, IT Support and location and are receivable on a monthly basis.

During the financial year, KMP were charged for various services including international equities managed discretionary account services and brokerage totalling \$422,747.

Auditor's independence declaration

Deloitte.

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The Board of Directors
Evans Dixon Limited
Level 15 100 Pacific Highway
North Sydney NSW 2060
Australia

27 August 2020

Dear Board Members


Auditor's Independence Declaration to Evans Dixon 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 Evans Dixon Limited.

As lead audit partner for the audit of the financial report of Evans Dixon Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants

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



FINANCIAL REPORT

Financial report – contents

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Revenue			
Provision of services	5	203,174	229,552
Interest		198	878
Share of profits of associates and jointly controlled entities		4,591	2,011
Government stimulus grant (USA)		1,325	-
Other income		2,251	6,602
Total revenue		211,539	239,043
Expenses			
Employee benefits	6	(119,753)	(126,470)
Property design, renovation and maintenance	6	(7,093)	(12,446)
Administrative expense		(13,512)	(11,667)
Occupancy		(1,246)	(8,185)
Advertising		(413)	(2,769)
Depreciation and amortisation	6	(19,016)	(10,365)
Impairment of property, plant and equipment		(3,565)	-
Impairment of goodwill, intangible assets and investments	6	(38,651)	-
Information technology		(9,803)	(9,370)
Rebates and commissions		(10,312)	(13,002)
Travel and accommodation		(779)	(1,991)
Venue and equipment hire		(513)	(1,625)
Finance costs	7	(2,004)	(163)
Business acquisition costs		-	(333)
Other expenses		(13,478)	(15,249)
Total expenses		(240,138)	(213,635)
(Loss)/profit before income tax expense		(28,599)	25,408
Income tax expense	9	(1,894)	(8,630)
(Loss)/profit for the year		(30,493)	16,778
Other comprehensive (loss)/income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		265	701
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value (loss)/gain on financial assets measured at FVTOCI		(487)	375
		(222)	1,076
Total comprehensive (loss)/income for the year		(30,715)	17,854
(Loss)/earnings per share			
Basic (cents per share)	10	(13.6)	7.5
Diluted (cents per share)	10	(13.4)	7.5

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	12	37,635	45,252
Trade and other receivables	13	18,604	21,161
Assets classified as held for sale	18	10,409	14,402
Current tax assets	9	556	3,794
Inventories	14	-	149
Prepayments		1,816	2,524
Total current assets		69,020	87,282
Non-current assets			
Investments accounted for using the equity method	15	22,960	21,978
Investments in financial assets	18	10,544	8,735
Property, plant and equipment	19	10,493	15,399
Goodwill and other indefinite life intangible assets	20	106,255	136,442
Finite life intangible assets	21	14,043	21,315
Right of use assets	22	31,278	-
Investment property	23	-	1,430
Deposits		5,101	3,837
Prepayments		559	512
Deferred tax assets	9	100	-
Total non-current assets		201,333	209,648
Total assets		270,353	296,930
Liabilities			
Current liabilities			
Trade and other payables	24	12,877	14,119
Borrowings	25	-	15,000
Contract liabilities	26	9,748	12,251
Provisions	27	28,492	28,146
Lease liabilities	28	9,110	-
Other current liabilities	29	-	514
Total current liabilities		60,227	70,030
Non-current liabilities			
Provisions	27	4,157	3,082
Lease liabilities	28	28,031	-
Other non-current liabilities	29	-	3,099
Deferred tax liabilities	9	-	2,965
Total non-current liabilities		32,188	9,146
Total liabilities		92,415	79,176
Net assets		177,938	217,754
Equity			
Share capital	30	322,424	321,766
Reorganisation reserve	31	(135,099)	(135,099)
Investment revaluation reserve	32	(112)	375
Foreign currency translation reserve	33	3,890	3,625
Share based payments reserve	34	3,589	572
(Accumulated losses)/retained profits	36	(16,754)	26,515
Total equity		177,938	217,754

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Share capital \$'000	Reorg -anisation reserve \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Investment revaluation reserve \$'000	Retained profits/ (Accum- ulated losses) \$'000	Total equity \$'000
Balance at 1 July 2018	298,970	(135,099)	2,924	-	-	34,857	201,652
Profit after income tax expense for the year	-	-	-	-	-	16,778	16,778
Other comprehensive income for the year, net of tax	-	-	701	-	375	-	1,076
Total comprehensive income for the year	-	-	701	-	375	16,778	17,854
Transactions with owners in their capacity as owners:							
Issue of shares	38,385	-	-	-	-	-	38,385
Treasury shares acquired	(15,589)	-	-	-	-	-	(15,589)
Equity-settled share-based payments	-	-	-	572	-	-	572
Dividends paid	-	-	-	-	-	(25,120)	(25,120)
Balance at 30 June 2019	321,766	(135,099)	3,625	572	375	26,515	217,754
Balance at 1 July 2019	321,766	(135,099)	3,625	572	375	26,515	217,754
Loss after income tax expense for the year	-	-	-	-	-	(30,493)	(30,493)
Other comprehensive income/(loss) for the year, net of tax	-	-	265	-	(487)	-	(222)
Total comprehensive income/(loss) for the year	-	-	265	-	(487)	(30,493)	(30,715)
Transactions with owners in their capacity as owners:							
Issue of shares	658	-	-	-	-	-	658
Equity-settled share-based payments	-	-	-	3,017	-	-	3,017
Dividends paid	-	-	-	-	-	(12,776)	(12,776)
Balance at 30 June 2020	322,424	(135,099)	3,890	3,589	(112)	(16,754)	177,938

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		221,177	261,036
Payments to suppliers and employees		(190,976)	(226,515)
Interest received		186	878
Interest paid		(358)	(163)
Proceeds from US government grant (PPP)		2,292	-
Income and other taxes paid		(1,524)	(12,431)
Net cash generated by operating activities	41	30,797	22,805
Cash flows from investing activities			
Payments for investments in jointly controlled entities		(3,084)	(7,336)
Purchase of property, plant and equipment		(2,241)	(1,722)
Proceeds from sale of property, plant and equipment		83	46
Purchase / development costs of intangible assets (software)		(2,260)	(3,030)
Proceeds on sale of investment property		1,325	-
Purchase of financial assets		(2,531)	(21,139)
Proceeds on sale of financial assets		3,647	-
Dividends received from jointly controlled entities and investments		1,814	2,604
Cash acquired on purchase of subsidiary		-	1,969
Acquisition of subsidiary		-	(20,403)
Net cash used in investing activities		(3,247)	(49,011)
Cash flows from financing activities			
Repayment of borrowings		(15,000)	-
Payments of transaction costs relating to borrowings		(187)	-
Net payments of lease liabilities		(9,654)	-
Proceeds on lease incentive		1,809	-
Dividends paid		(12,208)	(24,628)
Proceeds from borrowings		-	15,000
Purchase of treasury shares		-	(8,220)
Net cash used in financing activities		(35,240)	(17,848)
Net (decrease) / increase in cash and cash equivalents		(7,690)	(44,054)
Cash and cash equivalents at the beginning of the financial year		45,252	89,147
Effect of exchange rate fluctuations on cash held		73	159
Cash and cash equivalents at the end of the financial year	12	37,635	45,252

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the consolidated financial statements

30 June 2020

1. GENERAL INFORMATION

Evans Dixon Limited (the **Company**) is a limited company incorporated in Australia. The address of its registered office and principal place of business are disclosed in the Corporate Directory at the end of this annual report. The principal activities of the Company and its subsidiaries (the **Group**) are described in the Directors' Report.

2. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (**AASB**), and comply with other requirements of the law. The financial statements comprises the consolidated financial statements of the Group, comprising the Company, Evans Dixon Limited, and its controlled entities. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements were authorised by the directors for issue on 27th August 2020.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (**IFRS**).

BASIS OF PREPARATION

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

The principal accounting policies of the Group are set out below.

BASIS OF CONSOLIDATION

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

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

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- ♦ Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 '*Income Taxes*' and AASB 119 '*Employee Benefits*' respectively;
- ♦ Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 '*Share-based Payments*' at the acquisition date; and
- ♦ Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 '*Non-current Assets Held for Sale and Discontinued Operations*' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see "Business combinations" above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit (or group of cash generating units) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

FOREIGN CURRENCY

i. Translation of foreign currency transactions

The functional and presentation currency of the Group is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are translated at the rate of exchange ruling at the Statement of Financial Position date.

Exchange differences on monetary items are recognised in the profit or loss in the period in which they arise. Differences arising on a monetary item forming part of the net investment in a foreign operation are taken to the foreign currency translation reserve on consolidation.

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.

ii. Translation of financial reports of foreign operations

The functional currency of some of the Company's subsidiaries is US dollars. As at the reporting date, the assets and liabilities of those entities are translated into Australian dollars at the rate of exchange ruling at the Statement of Financial Position date, and the Statement of Profit or Loss and Other Comprehensive Income is translated at the average exchange rates for the period.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 *'Impairment of Assets'* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When the Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. The assets' residual values and useful lives are reviewed and adjusted if required at each balance date with the effect of any changes in estimate accounted for on a prospective basis.

i. Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

ii. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on either a straight line basis or diminishing value over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are generally:

Furniture & equipment	2% - 25%
Motor vehicles	19% - 25%
Computer equipment	25% - 40%
Leasehold improvements	14% - 20%

The assets' residual values and useful lives are reviewed and adjusted if required at each balance date, with the effect of any changes in estimate accounted for on a prospective basis.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale when the criteria described above are met, and the Group ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

INTANGIBLE ASSETS

i. Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

ii. Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- ♦ the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ♦ the intention to complete the intangible asset and use or sell it;
- ♦ the ability to use or sell the intangible asset;
- ♦ how the intangible asset will generate probable future economic benefits;
- ♦ the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- ♦ the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

The amortisation rate used for internally-generated intangible assets is:

Computer software	25%
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iii. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

iv. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

IMPAIRMENT OF ASSETS

The directors of the Group assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through profit or loss.

Goodwill and other assets that have an indefinite useful life (e.g. Brands) are not amortised but are tested annually for impairment in accordance with AASB 136 '*Impairment of Assets*'. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the asset may be impaired.

For the purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

INVESTMENT PROPERTY

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses, arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

FINANCIAL INSTRUMENTS

i. Non-derivative financial assets

All financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

The Group has the following non-derivative financial assets: receivables, cash and cash equivalents, unlisted equity investments at fair value through profit or loss (**FVTPL**) and listed equity investments at fair value through other comprehensive income (**FVTOCI**).

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

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Unlisted equity investments held by the Group are classified as FVTPL. The carrying cost is considered to materially represent fair value when no evidence is available to support a material change in the value of an unlisted investment.

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments at FVTOCI.

Investments in listed equity instruments at FVTOCI are initially measured at fair value. Gains and losses relating to these financial assets are recognised in other comprehensive income and accumulated in the investment revaluation reserve. Cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

ii. Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (**ECL**) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

iii. Non derivative financial liabilities

Financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

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

The Group has the following non-derivative financial liabilities: trade and other payables, borrowings and lease liabilities.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Trade and other payables are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method.

Borrowings and loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities are recognised in accordance with Note 2: Application of new and revised Australian Accounting Standards, AASB 16 Leases.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

EMPLOYEE BENEFITS

SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the Group's profit after income tax adjusted by profit attributable to all the dilutive potential ordinary shares by the weighted average number of ordinary shares and potential ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

TAXATION

The Australian entities within the Group form a tax-consolidated group under Australian taxation law, of which Evans Dixon Limited is the head entity.

The tax sharing agreement entered into between Australian members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the Company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii. Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

iii. Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION

Revenue from the rendering of services is recognised upon delivery of the services to the Group's customers. Prepaid amounts received in advance of the provision of services are recorded as a liability in the financial statements and are then recognised in profit or loss over the service period.

The Group's major categories of revenue from the rendering of services includes:

- ♦ **Advisory, administration and brokerage** includes financial strategy advice and estate planning advice where revenue is charged and recognised on a time incurred basis when the service is provided, as well as brokerage commissions where revenue is recognised at the point in time when the transaction is settled. Also included within this category is asset and investment management advisory and SMSF accounting and tax services where revenue is recognised on a straight-line basis over the period the services are performed and the customer consumes the benefit associated with the services;
- ♦ **Corporate advisory revenue** includes services provided to corporations in respect of mergers, acquisitions, equity and debt capital market transactions, where revenue is recognised at the point the transaction is finalised, generally coinciding with the time the Group's non-extinguishable entitlement to its fee is established. Also included within the category is institutional brokerage commission revenue which is recognised at the point in time the trade transaction is settled;
- ♦ **Funds management** includes responsible entity and administration services, investment management and accounting services where revenue is recognised on a straight-line basis over the time the services are performed. Also included within this category is asset management services where revenue is recognised at the point in time the purchase or sale transaction is finalised, generally coinciding with the time the Group's entitlement to its fee is established. Additionally, performance fee variable consideration is recognised when it is reliably measurable (i.e. when there is no high probability of significant reversal), generally at the time a non-extinguishable entitlement to the fee is established; and
- ♦ **Project service fees** includes design, architectural and project management services where revenue is generally recognised at the point in time the service is provided, on a progressive basis for large-scale projects as the customer obtains the benefits of the services or at the point in time the service is provided for short-term, ad-hoc advice services.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (**GST**).

GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

SHARE-BASED PAYMENTS

Equity settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of fair value of equity settled share-based transactions are set out in Note 35.

The fair value determined at grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Group recognises as expenses for the related costs for which the grants are intended to compensate.

During the year ended 30 June 2020, the Group received government grants in the United States of America in relation to the Paycheck Protection Program (**PPP**) which was established as part of the US CARES Act. Of the \$1.6 million USD (\$2.2 million AUD equivalent) received during the year ended 30 June 2020, \$0.9 million USD (\$1.3 million AUD equivalent) has been recognised in the consolidated statement of profit or loss and other comprehensive income in the current financial year, with the remaining amount expected to be recognised in the next financial year. There were no similar amounts recognised in the prior financial year ended 30 June 2019.

APPLICATION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS

AMENDMENTS TO ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR:

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the **AASB**) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

- ♦ *AASB 16 Leases*
- ♦ *AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*
- ♦ *AASB 2017-7 Amendments – Long-term Interests in Associates and Joint Ventures Amendments to IAS 28 and Illustrative Example – Long-term Interests in Associates and Joint Ventures*
- ♦ *AASB 2018-1 Amendments – Annual Improvements 2015-2017 Cycle*
- ♦ *Interpretation 23 Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards – uncertainty over Income Tax Treatments.*

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

IMPACT OF THE APPLICATION OF AASB 16 LEASES

General impact of application of AASB 16

AASB 16 Leases (**AASB 16**) introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right of use asset and a lease liability at the commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements and the impact of the adoption of AASB 16 on the Group's consolidated financial statements are described below. The date of initial application of AASB 16 for the Group is 1 July 2019.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether or a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and IFRIC 4 will continue to be applied to leases entered into or modified before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period in time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 July 2019. The Group notes that the new definition in AASB 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

On 1 July 2019 (the date of initial application of AASB 16), the Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for the year ended 30 June 2019 has not been restated i.e. it is presented, as previously reported, under AASB 117 and related Interpretations. The details of the changes in accounting policies are disclosed below.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Significant accounting policies relating to leases

The Group recognises a right of use asset and a lease liability at the lease commencement date in the consolidated statement of financial position. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Depreciation of right of use assets is recognised in the consolidated statement of profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally the Group uses its incremental borrowing rate as the discount rate. Interest on lease liabilities is recognised in the statement of profit and loss.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease payments are recognised as amortisation expense of the right of use asset over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

Under AASB 16, right of use assets are tested for impairment in accordance with AASB 136. This replaces the previous requirement to recognise a provision for onerous lease contracts.

The right of use assets recognised under AASB 16 is an intangible asset, and hence excluded from the Group's net tangible assets, despite the related lease liability being included as a reduction in the net tangible assets calculation.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Transition

The Group leases several assets including buildings and IT related equipment that were previously classified as operating leases under AASB 117. The average lease term is 2.5 years (2019: 3 years). The Group has the option to extend one of the leases for an additional period of time after the end of the non-cancellable period, and this has been accounted for in determining the minimum lease payments. The Group's obligations are secured by the lessors' title to the leased assets for such leases and bank guarantees held.

At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. The weighted average rate applied at transition was 4.115%. The Group has applied the approach of measuring right of use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- ♦ Excluded initial direct costs from measuring the right of use asset at the date of initial application.
- ♦ Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The financial impact on transition to AASB 16 as at 1 July 2019 is set out in Notes 22 and 28 of the consolidated financial statements.

ACCOUNTING STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, interpretations and amendments that have been issued but are not yet effective, and are relevant to its operations.

Notes to the consolidated financial statements (cont.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Standard / interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128], AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022	30 June 2023
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020	30 June 2021
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020	30 June 2021
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	1 January 2020	30 June 2021
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2022	30 June 2023
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies which are subject to significant accounting estimates and judgements include:

- ♦ allocation of the Goodwill and other intangible assets to cash generating units (**CGUs**);
- ♦ recognition and impairment assessments of goodwill and other indefinite life intangible assets (refer (i) below);
- ♦ fair value and recoverable value assessments in respect of equity investments, equity settled transactions and interests in associates and jointly controlled entities (refer (iii) below);
- ♦ recognition and useful life assessments of property, plant and equipment and other finite life intangible assets including customer relationships and restraint covenants (refer (i) below);
- ♦ impairment assessments of trade receivables and deferred tax assets recognised;
- ♦ estimates inherent in employee entitlements and other provisions including bonuses;
- ♦ determining the lease term for lease contracts in which it is a lease that includes renewal options, including assessing whether the Group is reasonably certain to exercise such options; and
- ♦ meeting recognition criteria of revenue, including performance service fees and corporate transaction fees (refer (ii) below).

(i) Goodwill and other intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate that goodwill or other indefinite life intangible assets (with a total carrying value of \$106.3 million at balance date), have suffered any impairment in accordance with the accounting policy stated in Note 2. Impairment assessments include significant judgements and estimates applied in determining inputs in the impairment models, including future cash flows, discount rates and growth rates (see Note 20).

Notes to the consolidated financial statements (cont.)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont.)

Software, customer relationships, contracts in progress and restraint payment assets (total carrying value \$14.0 million at balance date), are finite intangible assets that are amortised over their expected lives. Assets subject to amortisation are reviewed for impairment whenever events or circumstances arise that indicate the carrying amount of the asset may be impaired. Judgements and estimates are inherent in impairment assessments including determining the useful lives of these assets (see Note 21).

(ii) Revenue recognition

Performance fee arrangements involve the Group assessing the performance of relevant managed assets against specified performance hurdles. The fee calculations involve complex formulae and judgement is applied in determining when the fee recognition criteria are met, including the probability that a significant reversal in the amounts of revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Corporate advisory transaction fee arrangements involve individually significant transactions where judgement is applied in determining the Group's entitlement to the fees and the correct timing of recognition based on satisfaction of relevant recognition criteria.

(iii) Fair value and recoverable value assessments

Fair value assessments are required to be made annually in respect of certain financial instruments, including equity investments and recoverable value assessments are required to be made in respect of investments in associates and jointly controlled entities where there is an indication of impairment in the investments. An active market may not exist for equity investments and underlying equity interests held by jointly controlled entities, and as a result, significant judgement is applied in the valuation assumptions and estimates used in determining the fair value of the investments.

4. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Board of Directors as chief operating decision maker (**CODM**) in order to allocate resources to the segment and to assess its performance. Information reported to the CODM for the purposes of resource allocation and assessment of performance is more specifically focused on the category of services provided to customers and the wider economic circumstances and market forces within which each segment operates.

As such, the principal categories of services provided to customers as reported to and assessed by the CODM in the current reporting period, which represent the Group's reportable segments under AASB 8 are as follows:

- ♦ Wealth Advice
- ♦ E&P (formerly 'Corporate & Institutional')
- ♦ Funds Management

Wealth Advice relates to the provision of full-service investment advisory, financial strategy, portfolio administration and stockbroking services to affluent self-managed superannuation trustees, retail clients, wholesale clients and high net worth individuals and the provision of share transaction arrangement and handling services.

E&P relates to the provision of stockbroking and investment advisory services to institutional clients and advice to corporations on mergers, acquisitions, equity and debt capital market transactions.

Funds Management relates to the provision of investment management services, fund accounting and administration services, Responsible Entity services to managed investment schemes and provision of ancillary services to client fund operations including construction, project management, design and architectural services and other real estate services.

Corporate unallocated is the aggregation of corporate activities that do not fall under any of the above three segments as they do not engage in business activities that may earn revenue and there is no basis to accurately allocate expenses to the three operating segments in order for the CODM to reliably assess performance or allocate resources within the operating segments. Therefore, this category is not a reportable segment as defined within AASB 8, but is included below in order for the total amounts to reconcile to the condensed consolidated statement of profit or loss and other comprehensive income as contained earlier in this report.

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

Notes to the consolidated financial statements (cont.)

4. SEGMENT INFORMATION (cont.)

The following is an analysis of the Group's revenue and results by reportable operating segment for the year:

	Wealth Advice \$'000	E&P \$'000	Funds Management \$'000	Corporate Unallocated \$'000	Total \$'000
Year ended 30 June 2020					
Revenue					
Provision of services	92,359	51,143	59,672	-	203,174
Recognised as follows:					
At a point in time	22,810	49,835	563	-	73,208
Over time	69,549	1,308	59,109	-	129,966
Share of profits of associates and jointly controlled entities	(4)	-	4,595	-	4,591
Government stimulus grant (USA)	-	-	1,325	-	1,325
Other income	186	113	1,952	-	2,251
Total revenue (excl. interest)	92,541	51,256	67,544	-	211,341
Cost of sales					
Total cost of sales	(4,202)	(5,654)	(8,337)	-	(18,193)
Net revenue	88,339	45,602	59,207	-	193,148
Direct expenses					
Total direct expenses	(58,114)	(21,293)	(37,410)	-	(116,817)
Overhead expenses					
Total overhead expenses	(5,913)	(2,999)	(2,438)	-	(11,350)
Allocated staff expenses					
Total allocated staff expenses	(5,132)	(8,627)	(2,524)	-	(16,283)
Unallocated group staff expenses					
Total unallocated group staff expenses	-	-	-	(6,169)	(6,169)
Unallocated group other expenses					
Total unallocated group other expenses	-	-	-	(8,090)	(8,090)
Earnings before interest, taxation, depreciation and amortisation	19,180	12,683	16,835	(14,259)	34,439
Depreciation and amortisation expense	-	-	-	(10,424)	(10,424)*
Right of use asset depreciation	(3,751)	(1,029)	(1,873)	(1,939)	(8,592)*
Impairment of property, plant and equipment	-	-	-	(3,565)	(3,565)
Impairment of goodwill, intangible assets and investments	(8,731)	(17,817)	(12,103)	-	(38,651)
Earnings before interest and taxation	6,698	(6,163)	2,859	(30,187)	(26,793)
Interest revenue	-	-	-	198	198
Finance costs	(597)	(164)	(383)	(860)	(2,004)
Profit / (loss) before taxation	6,101	(6,327)	2,476	(30,849)	(28,599)
Income tax expense					(1,894)
Net loss after taxation					(30,493)

*Note: Total depreciation and amortisation expense \$19.016 million.

Notes to the consolidated financial statements (cont.)

4. SEGMENT INFORMATION (cont.)

	Wealth Advice \$'000	E&P \$'000	Funds Management \$'000	Corporate Unallocated \$'000	Total \$'000
Year ended 30 June 2019					
Revenue					
Provision of services	90,797	60,534	78,221	-	229,552
Recognised as follows:					
At a point in time	19,580	57,530	7,055	-	84,165
Over time	71,217	3,004	71,166	-	145,387
Share of profits of associates and jointly controlled entities	44	-	1,967	-	2,011
Other income	211	-	6,391	-	6,602
Total revenue (excl. interest)	91,052	60,534	86,579	-	238,165
Cost of sales					
Total cost of sales	(4,239)	(4,635)	(17,637)	-	(26,511)
Net revenue	86,813	55,899	68,942	-	211,654
Direct expenses					
Total direct expenses	(53,084)	(25,044)	(40,863)	-	(118,991)
Overhead expenses					
Total overhead expenses	(14,084)	(4,779)	(9,852)	-	(28,715)
Allocated staff expenses					
Total allocated staff expenses	(4,921)	(4,680)	(2,743)	-	(12,344)
Unallocated group staff expenses					
Total unallocated group staff expenses	-	-	-	(14,946)	(14,946)
Unallocated group other expenses					
Total unallocated group other expenses	-	-	-	(1,600)	(1,600)
Earnings before interest, taxation, depreciation and amortisation	14,724	21,396	15,484	(16,546)	35,058
Depreciation and amortisation expense	-	-	-	(10,365)	(10,365)
Earnings before interest and taxation	14,724	21,396	15,484	(26,911)	24,693
Interest revenue	-	-	-	878	878
Finance costs	-	-	-	(163)	(163)
Profit before taxation	14,724	21,396	15,484	(26,196)	25,408
Income tax expense					(8,630)
Net profit after taxation					16,778

Group assets and liabilities are not allocated across segments for the purposes of reporting to the CODM.

Notes to the consolidated financial statements (cont.)

4. SEGMENT INFORMATION (cont.)

The Group operates in two principal geographic areas – Australia (country of domicile) and the United States of America. The Group's revenue from external customers and non-current assets by location of operations is detailed below.

	2020 \$'000	2019 \$'000
Revenue from external customers (provision of services revenue)		
Australia	173,263	191,347
United States of America	29,911	38,205
	203,174	229,552
Non-current assets		
Australia	190,513	199,558
United States of America	10,820	10,090
	201,333	209,648

5. REVENUE

	2020 \$'000	2019 \$'000
Provision of services revenue		
At a point in time		
Advisory, administration and brokerage	22,810	19,580
Corporate advisory and institutional brokerage	49,835	57,530
Funds management	563	7,055
Total revenue earned at a point in time	73,208	84,165
Over time		
Advisory, administration and brokerage	69,549	71,217
Corporate advisory revenue	1,308	3,004
Funds management	42,820	38,287
Project service fees	16,289	32,879
Total revenue earned over time	129,966	145,387
Total provision of services revenue	203,174	229,552

Notes to the consolidated financial statements (cont.)

6. EXPENSES

	2020 \$'000	2019 \$'000
(Loss) / profit before income tax includes the following specific expenses:		
Employee benefits expense		
Salaries and other employee benefits	(102,881)	(113,239)
Employer related taxes	(6,930)	(6,813)
Post employment benefits	(5,069)	(5,484)
Share based payments expense	(3,017)	(572)
Termination benefits	(1,856)	(362)
	(119,753)	(126,470)
Property design, renovation and maintenance expense		
Job sub-contract and materials expense	(7,093)	(12,446)
Depreciation and amortisation		
Depreciation and amortisation – property, plant and equipment	(3,991)	(4,655)
Amortisation – computer software	(2,527)	(2,138)
Amortisation – restraint covenants	(2,825)	(2,000)
Amortisation – customer relationships	(970)	(1,063)
Amortisation – in progress contracts	(111)	(509)
Amortisation – right of use assets	(8,592)	-
	(19,016)	(10,365)
Impairment of goodwill, intangible assets and investments		
Goodwill (Note 20)	(27,920)	-
Brand (Note 20)	(2,267)	-
Customer relationships (Note 21)	(1,669)	-
Restraint covenants (Note 21)	(1,564)	-
Investments in jointly controlled entity (Fort Street Capital Pty Limited) (Note 15)	(5,231)	-
	(38,651)	-

Other expenses included in the statement of financial performance totalling \$13.5 million (2019: \$15.2 million) primarily comprise direct fund costs, investment manager indemnity expense and other office-related and transportation expenses.

Notes to the consolidated financial statements (cont.)

7. FINANCE EXPENSE

Recognised directly in profit or loss:

	2020 \$'000	2019 \$'000
Interest expense on financial liabilities measured at amortised cost	(358)	(163)
Interest expense on leases	(1,459)	-
Other finance costs - including facility line fees and amortisation of loan establishment costs	(187)	-
Finance expense recognised directly in profit or loss	(2,004)	(163)

8. REMUNERATION OF AUDITOR

The auditor of the Evans Dixon Limited Group is Deloitte Touche Tohmatsu. The following fees were paid or are payable for services provided by Deloitte Touche Tohmatsu, network firms of the parent entity auditor and other audit practices:

	2020 \$'000	2019 \$'000
Deloitte Touche Tohmatsu – auditor of Parent entity		
Audit services:		
Audit of the Group's annual financial statements	226	230
Audit of the Group subsidiaries' annual financial statements	166	136
Review services:		
Review of the Group's half-year financial statements	115	126
Other services:		
Acting as Investigating Accountant for capital raisings and listings of funds managed by Evans Dixon Group	-	36
Taxation services	105	3
Advisory services (corporate finance and taxation) in respect of proposed transaction relating to funds managed by the Group	255	-
Aquisition due diligence services	-	118
Audit fee of managed funds paid by the Group	68	26
Other	80	14
Total	1,015	689
Network firm of the parent entity auditor:		
Deloitte Tax LLP		
Other services:		
Taxation services	154	101
Other audit practices:		
Vistra Australia		
Audit services:		
Audit of the Group subsidiary's financial statements	-	10
	1,169	800

Notes to the consolidated financial statements (cont.)

9. INCOME TAX

	2020 \$'000	2019 \$'000
Income tax recognised in profit or loss		
Current tax		
In respect of the current year	4,997	8,736
In respect of prior years	(247)	48
	4,750	8,784
Deferred tax		
In respect of the current year	(2,856)	(154)
Total income tax expense recognised in the current year	1,894	8,630
The income tax expense for the year can be reconciled to the accounting profit as follows:		
(Loss) / profit before income tax expense	(28,599)	25,408
Income tax expense at 30% (2019: 30%)	(8,580)	7,622
Effect of different tax rates of subsidiaries operating in other jurisdiction	(100)	(6)
Effect of income that is exempt from taxation	(488)	(694)
Effect of expenses that are not deductible in determining taxable profit	11,359	988
Losses not recognised as deferred tax asset	-	259
Write off of deferred tax assets not considered recoverable	-	413
Deferred tax assets not recognised	2,138	-
Write-back of previous year's USA tax losses (US CARES Act)	(2,188)	-
	2,141	8,582
Adjustments recognised in the current period in relation to the current tax of prior periods	(247)	48
Total income tax expense recognised in profit or loss	1,894	8,630
Current tax assets		
Income tax receivable	556	3,794

Notes to the consolidated financial statements (cont.)

9. INCOME TAX (cont.)

Deferred tax balances

The following is the analysis of deferred tax assets / (liabilities) presented in the consolidated statement of financial position.

	2020 \$'000	2019 \$'000
Deferred tax assets	11,608	10,287
Deferred tax liabilities	(11,508)	(13,252)
	100	(2,965)

Deferred tax assets / (liabilities) in relation to:

	Opening balance \$'000	Acquisitions \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Closing balance \$'000
2020					
Property, plant and equipment	246	-	620	-	866
Intangible assets	(12,002)	-	1,472	-	(10,530)
Provisions, prepayments, accruals, receivables	7,880	-	(162)	-	7,718
Provision for lease incentives	963	-	(623)	-	340
Accrued revenue	(734)	-	(83)	-	(817)
Financial assets at fair value	(471)	-	101	209	(161)
Lease liabilities / right of use assets	-	-	1,330	-	1,330
Other	1,153	-	201	-	1,354
Deferred tax assets / (liabilities)	(2,965)	-	2,856	209	100

2019

Property, plant and equipment	(556)	51	751	-	246
Intangible assets	(12,231)	(90)	319	-	(12,002)
Provisions, prepayments, accruals, receivables	6,985	716	179	-	7,880
Provision for lease incentives	1,326	-	(363)	-	963
Accrued revenue	(222)	-	(512)	-	(734)
Financial assets at fair value	(391)	-	80	(160)	(471)
Other	828	625	(300)	-	1,153
Deferred tax assets / (liabilities)	(4,261)	1,302	154	(160)	(2,965)

Notes to the consolidated financial statements (cont.)

10. EARNINGS PER SHARE

	2020 No.	2019 No.
Weighted average number of ordinary shares		
Weighted average number of ordinary shares during the year used to calculate basic earnings per share	225,011,756	223,000,404
Effect of dilutive potential ordinary shares	3,035,982	–
Weighted average number of ordinary shares during the year used to calculate diluted earnings per share	228,047,738	223,000,404
	2020 \$'000	2019 \$'000
(Loss) / profit attributable to ordinary shareholders		
(Loss) / profit attributable to ordinary shareholders	(30,493)	16,778
(Loss) / profit used in the calculation of basic and diluted earnings per share	(30,493)	16,778
Basic (loss) / earnings per share (cents per share)	(13.6)	7.5
Diluted (loss) / earnings per share (cents per share)	(13.4)	7.5

Treasury shares issued pursuant to the Loan Funded Share Plan (**LFSP**) are anti-dilutive and are therefore excluded.

11. DIVIDENDS

During the year, Evans Dixon Limited made the following dividend payments:

	2020		2019	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid ordinary shares				
2018 Final dividend	–	–	6.0 cents	13,530
2019 Interim dividend	–	–	5.0 cents	11,590
2019 Final dividend	3.0 cents	7,011	–	–
2020 Interim dividend	2.5 cents	5,854	–	–
		12,865		25,120

The franking account balance as at 30 June 2020 was \$23.2 million (2019: \$25.2 million).

Notes to the consolidated financial statements (cont.)

12. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2020 \$'000	2019 \$'000
Cash on hand	4	3
Cash at bank	37,631	45,249
	37,635	45,252

Cash at bank earns interest at floating rates based on daily bank deposit rates. Average interest rates during the period were 0.0156% (2019: 0.8122%). Included in cash at bank is \$12.1 million (2019: \$12.6 million) which is required to be retained to meet various regulatory requirements relating to licences held, and is not available for general use.

13. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2020 \$'000	2019 \$'000
Current		
Trade receivables	15,212	16,584
Loss allowance	(30)	(8)
Other receivables and accrued revenue	3,422	4,488
Other related party receivables	-	97
	18,604	21,161

TRADE RECEIVABLES

The average credit period on sales is 30 days. No interest is charged on trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (**ECL**). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed into liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

Notes to the consolidated financial statements (cont.)

13. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (cont.)

The following table details the risk profile of trade receivables based on the Group's provision matrix.

	Expected credit loss rate %	Carrying amount of trade receivables \$'000	Allowance for expected credit losses \$'000
30 June 2020			
0-30 days overdue	0%	14,312	-
31-60 days overdue	0.65%	732	(5)
61-120 days overdue	3.54%	89	(3)
121+ days overdue	27.87%	79	(22)
Total loss allowance		15,212	(30)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables.

	2020 \$'000	2019 \$'000
Balance at beginning of the year	(8)	(8)
Change in loss allowance	(49)	(78)
Amounts written off	27	78
Balance at end of the year	(30)	(8)

14. CURRENT ASSETS – INVENTORIES

	2020 \$'000	2019 \$'000
Appliances and building materials – at cost	-	149

Notes to the consolidated financial statements (cont.)

15. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2020 \$'000	2019 \$'000
Investments in associates	392	305
Investments in jointly controlled entities	22,568	21,673
	22,960	21,978

Reconciliation of movement in carry values of jointly controlled entities

	Fort Street Capital \$'000	Dixon Associates PE III \$'000	CVC Emerging Companies Fund \$'000	Other \$'000	Total \$'000
Balance at 1 July 2018	-	1,894	-	4,205	6,099
Acquisitions	11,520	1,758	2,377	180	15,835
Share of profits of jointly controlled entities	555	310	134	857	1,856
Less: dividends received	-	-	-	(2,225)	(2,225)
Effect of foreign currency exchange differences	-	-	-	108	108
Balance as at 30 June 2019	12,075	3,962	2,511	3,125	21,673
Balance at 1 July 2019	12,075	3,962	2,511	3,125	21,673
Acquisitions	-	675	2,377	32	3,084
Share of profits of jointly controlled entities	542	411	2,521	1,031	4,505
Impairment	(5,231)	-	-	-	(5,231)
Less: dividends received	(1,000)	-	-	(513)	(1,513)
Effect of foreign currency exchange differences	-	-	-	50	50
Balance as at 30 June 2020	6,386	5,048	7,409	3,725	22,568

Notes to the consolidated financial statements (cont.)

15. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (cont.)

Summarised financial information for the Group's material jointly controlled entities

	Fort Street Capital \$'000	Dixon Associates PE III \$'000	CVC Emerging Companies Fund \$'000	Other \$'000	Total \$'000
2020					
Current assets	828	8	4,853	3,722	9,411
Non-current assets	12,073	6,251	41,824	8,576	68,724
Current liabilities	(129)	(12)	(121)	(891)	(1,153)
Non-current liabilities	-	(67)	-	(3,957)	(4,024)
Net assets	12,772	6,180	46,556	7,450	72,958

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	730	8	4,281	1,799	6,818
Revenue	865	605	16,888	8,447	26,805
Profit for the year	747	503	15,826	2,179	19,255
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	747	503	15,826	2,179	19,255

	Fort Street Capital \$'000	Dixon Associates PE III \$'000	CVC Emerging Companies Fund \$'000	Other \$'000	Total \$'000
2019					
Current assets	2,064	8	5,904	2,358	10,334
Non-current assets	22,630	5,290	9,978	9,005	46,903
Current liabilities	(544)	(23)	(88)	(1,435)	(2,090)
Non-current liabilities	-	(260)	-	(3,892)	(4,152)
Net assets	24,150	5,015	15,794	6,036	50,995

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	2,061	8	5,904	1,293	9,266
Revenue	2,889	889	1,027	7,872	12,677
Profit for the year	2,068	607	858	2,194	5,727
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	2,068	607	858	2,194	5,727

Notes to the consolidated financial statements (cont.)

16. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Details of the Group's associates and jointly controlled entities at the end of the reporting period are as follows:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Associates of Evans Dixon Limited			
Clear Law Pty Limited (formerly Evans Dixon Law Pty Limited)	Australia	49%	49%
US Select Private Opportunities Fund II, GP LLC	USA	50%	50%
US Select Private Opportunities Fund III, GP LLC	USA	42.5%	42.5%
US Select Private Opportunities Fund IV, GP LLC	USA	42.5%	42.5%
US Select Direct Private Equity, GP LLC	USA	42.5%	42.5%
Jointly controlled entities of Evans Dixon Limited			
Fort Street Real Estate Capital Pty Limited*	Australia	75%	75%
Fort Street Real Estate Services Pty Limited*	Australia	75%	75%
Fort Street Capital Pty Limited	Australia	50%	50%
Laver Place Sub Pty Limited	Australia	33.3%	33.3%
CVC Emerging Companies IM Pty Limited	Australia	50%	50%
CVC Emerging Companies Fund	Australia	15.9%	15.9%
Dixon Associates PE III Wholesale Fund**	USA	81.7%	79%
UA Dixon 168 Manager, LLC	USA	50%	50%
UA Dixon 30-58/64 34th Street, LLC	USA	50%	50%
UA Dixon 523 West 135th Street Manager, LLC	USA	50%	50%

* Despite the Group holding a majority interest in Fort Street Real Estate Capital Pty Limited and Fort Street Real Estate Services Pty Limited, control is shared between the Group and the minority holder by virtue of the Shareholder Agreement which is in place.

**Despite the Group holding a majority interest in Dixon Associates PE III Wholesale Fund, by virtue of the Fund's Constitution, control is vested in the Trustee. The Group does not control the Board of the Trustee (it has 50% representation), nor is it able to remove the Trustee, and accordingly it does not exercise control over the Fund.

All of the above associates and jointly controlled entities are accounted for using the equity method in these consolidated financial statements.

Notes to the consolidated financial statements (cont.)

17. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Ultimate parent entity			
Evans Dixon Limited	Australia	100%	100%
Subsidiaries of ultimate parent entity			
ED Operations Pty Limited	Australia	100%	100%
Dixon Advisory & Superannuation Services Limited	Australia	100%	100%
Dixon Private Investments Pty Limited	Australia	100%	100%
Dixon Advisory Property Pty Limited	Australia	100%	100%
Dixon Advisory Super Pty Limited	Australia	100%	100%
Dixon Advisory USA Inc	USA	100%	100%
Walsh & Company Investments Limited	Australia	100%	100%
Walsh & Company Asset Management Pty Limited	Australia	100%	100%
Walsh & Company Group Pty Limited	Australia	100%	100%
Dixon Projects LLC	USA	100%	100%
Dixon Asset Management USA Inc	USA	100%	100%
Walker Street Partners Pty Limited	Australia	100%	100%
DGP Inc	USA	100%	100%
US Select Private Opportunities Fund GP LLC	USA	100%	100%
Australian Fund Accounting Services Pty Limited	Australia	100%	100%
Walsh & Company Investment Services Pty Limited	Australia	100%	100%
Dixon International Investments Pty Limited	Australia	100%	100%
URF Investment Management Pty Limited	Australia	100%	100%
Dixon Realty Advisory LLC	USA	-	100%
New Energy Solar Manager Pty Limited	Australia	100%	100%
Dixon Leasing Property Management LLC	USA	100%	100%
Dixon Realty Advisory New York LLC	USA	-	100%
Evans and Partners Pty Limited	Australia	100%	100%
EAP Employee Investments Pty Limited	Australia	100%	100%
Evans and Partners Employee Share Trust*	Australia	-	-
Evans and Partners Investment Management Pty Limited	Australia	100%	100%
NES Development Services Pty Limited	Australia	100%	100%
NES Project Services LLC	USA	100%	100%
ED Employee Investments Pty Limited	Australia	100%	100%
E&P Corporate Advisory Pty Limited (formerly Evans Dixon Corporate Advisory Pty Limited)	Australia	100%	100%
E&P Asia (HK) Limited	Hong Kong	100%	

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

Notes to the consolidated financial statements (cont.)

18. CURRENT AND NON-CURRENT ASSETS – ASSETS CLASSIFIED AS HELD FOR SALE AND INVESTMENTS IN FINANCIAL ASSETS

	2020 \$'000	2019 \$'000
Current:		
Financial assets classified as held for sale	10,409	14,402
Non-Current:		
Financial assets held at FVTOCI	7,588	7,201
Financial assets held at FVTPL	2,956	1,534
	10,544	8,735

19. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2020 \$'000	2019 \$'000
Carrying amounts of		
Furniture and equipment	2,506	5,067
Motor vehicles	15	147
Computer equipment	389	1,065
Leasehold improvements	7,583	9,120
	10,493	15,399

Notes to the consolidated financial statements (cont.)

19. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (cont.)

	Furniture and equipment \$'000	Motor vehicles \$'000	Computer equipment \$'000	Leasehold improvements \$'000	Total \$'000
Cost					
Balance at 1 July 2018	10,108	767	3,470	16,982	31,327
Acquisitions	302	-	78	540	920
Additions	510	-	400	929	1,839
Disposals/scraping	(105)	(129)	(134)	-	(368)
Transfer on lease assignment	-	-	-	(2,854)	(2,854)
Effect of foreign currency exchange differences	253	28	72	292	645
Balance as at 30 June 2019	11,068	666	3,886	15,889	31,509
Balance at 1 July 2019	11,068	666	3,886	15,889	31,509
Additions	508	-	51	2,827	3,386
Disposals/scraping	(6,556)	(645)	(1,671)	(3,871)	(12,743)
Effect of foreign currency exchange differences	100	12	29	62	203
Balance as at 30 June 2020	5,120	33	2,295	14,907	22,355
Accumulated depreciation/ amortisation					
Balance at 1 July 2018	(4,569)	(542)	(1,992)	(4,661)	(11,764)
Acquisitions through business combinations	(92)	-	(64)	(281)	(437)
Depreciation/amortisation	(1,262)	(59)	(850)	(2,484)	(4,655)
Eliminated on disposal of assets	36	102	124	-	262
Eliminated on lease assignment	-	-	-	736	736
Effect of foreign currency exchange differences	(114)	(20)	(39)	(79)	(252)
Balance as at 30 June 2019	(6,001)	(519)	(2,821)	(6,769)	(16,110)
Balance at 1 July 2019	(6,001)	(519)	(2,821)	(6,769)	(16,110)
Depreciation/amortisation	(712)	(23)	(377)	(2,879)	(3,991)
Impairment*	(2,202)	(80)	(330)	(953)	(3,565)
Eliminated on disposal of assets	6,324	613	1,634	3,297	11,868
Effect of foreign currency exchange differences	(23)	(9)	(12)	(20)	(64)
Balance as at 30 June 2020	(2,614)	(18)	(1,906)	(7,324)	(11,862)
Written down value as at 30 June 2020	2,506	15	389	7,583	10,493

* Note: This relates to relocation of premises in USA (\$3.5m) and Australia (\$0.1m).

Notes to the consolidated financial statements (cont.)

20. NON-CURRENT ASSETS – GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

	2020 \$'000	2019 \$'000
Carrying amounts of		
Goodwill	76,922	104,842
Brands	29,333	31,600
	106,255	136,442

	Goodwill \$'000	Brands \$'000	Total \$'000
Cost			
Balance at 1 July 2018	63,345	31,600	94,945
Additions during the year	41,497	-	41,497
Balance as at 30 June 2019	104,842	31,600	136,442
Balance at 1 July 2019	104,842	31,600	136,442
Impairment of goodwill and other indefinite life intangible assets	(27,920)	(2,267)	(30,187)
Balance as at 30 June 2020	76,922	29,333	106,255

ALLOCATION OF GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS TO CASH-GENERATING UNITS

Goodwill and other indefinite life intangible assets have been allocated for impairment testing purposes to the following groups of cash-generating units (CGUs):

- ♦ Wealth Advice
- ♦ E&P (formerly Corporate & Institutional)
- ♦ Funds Management

The carrying amount (after impairment) of goodwill and other indefinite life intangible assets has been allocated as follows:

CGU	Goodwill \$'000	Brands \$'000	Total \$'000
2019			
Wealth advice	20,509	18,757	39,266
E&P	82,961	10,576	93,537
Funds Management	1,372	2,267	3,639
Balance as at 30 June 2019	104,842	31,600	136,442

Notes to the consolidated financial statements (cont.)

20. NON-CURRENT ASSETS – GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS (cont.)

CGU	Goodwill \$'000	Brands \$'000	Total \$'000
2020			
Wealth advice	11,778	18,757	30,535
E&P	65,144	10,576	75,720
Funds Management	-	-	-
Balance as at 30 June 2020	76,922	29,333	106,255

IMPAIRMENT TESTING

WEALTH ADVICE

The recoverable value of this CGU has been determined based on a value in use calculation which uses cash flow projections based on the financial forecasts approved by the Directors covering the 2021 and 2022 financial years. Cash flows beyond FY22 have been extrapolated using a steady 2.0% per annum growth rate. A post-tax discount rate of 9.5% (FY19: 10.25%) has been applied to the forecast cash flows. Based on these assumptions, there is an impairment to the goodwill allocated to this CGU of \$8.731 million, which is included in “Impairment of goodwill, intangible assets and investments” within the Consolidated statement of profit or loss and other comprehensive income. Key drivers of the impairment to goodwill include the impact of legacy issues in the Dixon Advisory business, industry disruption (including elevated insurance costs) and the impact of COVID-19.

The Directors have conducted an analysis of the sensitivity of the impairment test to reasonable changes in the key assumptions used to determine the recoverable amount of the CGU. The sensitivities tested include a 10% reduction in the annual cash flow of the CGU, a 0.25% decrease in the terminal growth rate used to extrapolate cash flows beyond the forecast period and a 1% increase in the post-tax discount rate applied to cash flow projections.

The impact on the impairment assessment as a result of these sensitivities is shown below:

Sensitivity	Impact on impairment assessment	Increase in amount of impairment \$'000
A 10% reduction in cash flows	Impairment of CGU	4,337
A 0.25% decrease in terminal growth rate	Impairment of CGU	1,441
A 1% increase in discount rate	Impairment of CGU	5,427

Notes to the consolidated financial statements (cont.)

20. NON-CURRENT ASSETS – GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS (cont.)

E&P

In recognition of the higher susceptibility that the cashflows of this CGU have to the impact of the current COVID-19 pandemic, the recoverable value of the CGU has been determined based on a value in use calculation which uses a combination of cash flow projections based on the financial forecasts approved by the Directors covering the 2021 and 2022 financial years and two alternative forecast scenarios which reflect the impact that a more protracted COVID-19 recovery would have on the CGU. The base case financial forecasts approved by the Directors and the alternative scenario forecasts have been probability weighted to produce a probability weighted cash flow for the purposes of the impairment test.

In the base case scenario, cash flows after the 2nd year, and in each of the alternative scenarios, cash flows beyond the 4th year have been extrapolated using a steady 2.0% per annum growth rate. A post-tax discount rate of 11.75% (FY19: 10.25%) has been applied to the forecast cash flows. Based on these assumptions, there is an impairment to the goodwill allocated to this CGU of \$17.817 million, which is included in “Impairment of goodwill, intangible assets and investments” within the Consolidated statement of profit or loss and other comprehensive income. The impairment to goodwill has resulted from the impact of COVID-19 and the ongoing uncertainty over its duration.

The Directors have conducted an analysis of the sensitivity of the impairment test to reasonable changes in the key assumptions used to determine the recoverable amount of the CGU. The sensitivities tested include a 10% reduction in the annual cash flow of the CGU in each of the forecast scenarios, a 0.25% decrease in the terminal growth rate used to extrapolate cash flows beyond the forecast period and a 1% increase in the post-tax discount rate applied to cash flow projections.

The impact on the impairment assessment as a result of these sensitivities is shown below:

Sensitivity	Impact on impairment assessment	Increase in amount of impairment \$'000
A 10% reduction in cash flows	Impairment of CGU	8,603
A 0.25% decrease in terminal growth rate	Impairment of CGU	1,570
A 1% increase in discount rate	Impairment of CGU	8,273

Notes to the consolidated financial statements (cont.)

20. NON-CURRENT ASSETS – GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS (cont.)

FUNDS MANAGEMENT

The recoverable value of this CGU has been determined based on a value in use calculation which uses cash flow projections based on the financial forecasts approved by the Directors covering the 2021 and 2022 financial years. Cash flows beyond FY22 have been extrapolated using a steady 2.0% per annum growth rate. A post-tax discount rate of 9.5% (FY19: 8.75%) has been applied to the forecast cash flows. Based on these assumptions, there is an impairment to the carrying value of this CGU of \$12.103 million, which is included in “Impairment of goodwill, intangible assets and investments” within the Consolidated statement of profit or loss and other comprehensive income. The impairment reflects structural changes taking place in the Funds Management CGU including a pivot away from seeding real asset funds internally and the cessation of related party services. This impairment has been applied against the carrying value of the following assets allocated to the CGU:

	\$'000
Goodwill	1,372
Brands	2,267
Customer relationships (refer Note 21)	1,669
Restraint covenants (refer Note 21)	1,564
Investments in jointly controlled entities (refer Note 15)	5,231
	12,103

Since the only remaining material non-financial assets allocated to this CGU represent Property, Plant and Equipment and Right of use assets which are considered to be recoverable based on their alternate use to other CGU's in the Group, the additional impairment resulting from the sensitivities shown below would impact the carrying value of Goodwill in the Wealth Advice and E&P CGU's to whom the assets balances would be re-allocated.

Sensitivity	Impact on impairment assessment	Increase in amount of impairment \$'000
A 10% reduction in cash flows	Impairment of CGU	1,362
A 0.25% decrease in terminal growth rate	Impairment of CGU	422
A 1% increase in discount rate	Impairment of CGU	1,590

Notes to the consolidated financial statements (cont.)

21. NON-CURRENT ASSETS – FINITE LIFE INTANGIBLE ASSETS

	2020	2019			
	\$'000	\$'000			
Carrying amounts of					
Computer software	5,282	5,415			
Customer relationships	5,770	8,409			
Restraint covenants	2,911	7,300			
Contracts in progress	80	191			
	14,043	21,315			
Cost	Computer software \$'000	Customer relationships \$'000	Restraint covenants \$'000	Contracts in progress \$'000	Total \$'000
Balance at 1 July 2018	12,279	10,400	10,000	-	32,679
Acquisitions through business combinations	11	300	-	700	1,011
Additions	3,047	-	-	-	3,047
Disposals	(17)	-	-	-	(17)
Effect of foreign currency exchange differences	8	-	-	-	8
Balance as at 30 June 2019	15,328	10,700	10,000	700	36,728
Balance at 1 July 2019	15,328	10,700	10,000	700	36,728
Additions	2,260	-	-	-	2,260
Disposals	(283)	-	-	-	(283)
Effect of foreign currency exchange differences	4	-	-	-	4
Balance as at 30 June 2020	17,309	10,700	10,000	700	38,709
Accumulated amortisation	Computer software \$'000	Customer relationships \$'000	Restraint covenants \$'000	Contracts in progress \$'000	Total \$'000
Balance at 1 July 2018	(7,774)	(1,228)	(700)	-	(9,702)
Acquisitions through business combinations	(9)	-	-	-	(9)
Amortisation expense	(2,131)	(1,063)	(2,000)	(509)	(5,703)
Eliminated on disposal of assets	6	-	-	-	6
Effect of foreign currency exchange differences	(5)	-	-	-	(5)
Balance as at 30 June 2019	(9,913)	(2,291)	(2,700)	(509)	(15,413)

Notes to the consolidated financial statements (cont.)

21. NON-CURRENT ASSETS – FINITE LIFE INTANGIBLE ASSETS (cont.)

	Computer software \$'000	Customer relationships \$'000	Restraint covenants \$'000	Contracts in progress \$'000	Total \$'000
Accumulated amortisation					
Balance at 1 July 2019	(9,913)	(2,291)	(2,700)	(509)	(15,413)
Amortisation expense	(2,527)	(970)	(2,825)	(111)	(6,433)
Impairment	-	(1,669)	(1,564)	-	(3,233)
Eliminated on disposal of assets	414	-	-	-	414
Effect of foreign currency exchange differences	(1)	-	-	-	(1)
Balance as at 30 June 2020	(12,027)	(4,930)	(7,089)	(620)	(24,666)
Written down value as at 30 June 2020	5,282	5,770	2,911	80	14,043

The amortisation period for the above finite life intangible assets is as follows:

Computer software	4 years
Customer relationships	2-12 years
Restraint covenants	2-5 years
Contracts in progress	1-2 years

22. NON-CURRENT ASSETS – RIGHT OF USE ASSETS

	Office premises \$'000	Office equipment \$'000	Total \$'000
Cost			
Opening balance at 1 July 2019	-	-	-
Introduction of AASB 16 Leases (refer Note 2)	30,177	1,384	31,561
Additions	9,516	-	9,516
Disposals	(1,598)	-	(1,598)
Effect of foreign currency exchange differences	113	-	113
Balance as at 30 June 2020	38,208	1,384	39,592

Notes to the consolidated financial statements (cont.)

22. NON-CURRENT ASSETS – RIGHT OF USE ASSETS (cont.)

	Office premises \$'000	Office equipment \$'000	Total \$'000
Accumulated depreciation			
Opening balance at 1 July 2019	-	-	-
Depreciation expense	(8,315)	(277)	(8,592)
Impairment of right of use assets	(93)	-	(93)
Eliminated on disposal	345	-	345
Effect of foreign currency exchange differences	26	-	26
Balance as at 30 June 2020	(8,037)	(277)	(8,314)
Written-down value as at 30 June 2020	30,171	1,107	31,278

The Group leases several office premises in Australia and the USA as well as office equipment including photocopiers and printers. The average lease term is 2.5 years.

The maturity analysis of lease liabilities is presented in Note 28.

	2020 \$'000
Amounts recognised in profit and loss	
Depreciation expense on right of use assets	8,592
Interest expense on lease liabilities	1,459
	10,051

23. NON-CURRENT ASSETS – INVESTMENT PROPERTY

	2020 \$'000	2019 \$'000
Investment property, at fair value	-	1,430

24. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2020 \$'000	2019 \$'000
Current		
Trade payables	4,518	3,365
Sundry payables and accrued expenditure	6,963	9,025
GST payable	1,396	1,729
	12,877	14,119

The average credit period on purchases of goods and services in Australia and the United States of America is 25 days (2019: 25 days).

Notes to the consolidated financial statements (cont.)

25. CURRENT LIABILITIES – BORROWINGS

	2020 \$'000	2019 \$'000
Borrowings – bank overdraft	-	15,000

On 31st July 2019, Evans Dixon Limited entered into a new banking facility agreement with Westpac Banking Corporation (**Facility**). The Facility consisted of an amortising cash advance facility with a limit of \$10 million, an overdraft facility with a limit of \$5 million and a bank guarantee facility with a limit of \$9 million. The Group has entered a general security agreement which provides security over the assets and interests of all wholly owned subsidiaries, other than the Group's Australian Financial Services Licence (**AFSL**) holders.

The Facility was subsequently varied on 4th February 2020 to increase the bank guarantee facility to \$10.2 million.

The Facility was subsequently varied on 19th May 2020 to cancel the amortising revolving cash advance facility and the overdraft facility and replace them with a committed revolving cash advance facility in the amount of \$10 million. As at 30 June 2020, the revolving cash advance facility was undrawn.

As at 30 June 2020, Westpac Banking Corporation had issued bank guarantees on behalf of the Group totalling \$10.1 million.

26. CURRENT LIABILITIES – CONTRACT LIABILITIES

	2020 \$'000	2019 \$'000
Contract liabilities	9,748	12,251

Notes to the consolidated financial statements (cont.)

27. CURRENT AND NON-CURRENT LIABILITIES – PROVISIONS

	2020 \$'000	2019 \$'000
Current		
Employee benefits	28,492	28,146
Non-current		
Employee benefits	1,235	1,189
Provision for make-good	2,922	1,893
	4,157	3,082
Provision for make-good – reconciliation of movement in the current year		
Balance at 1 July 2019	1,893	
Additional provisions recognised	1,029	
Balance at 30 June 2020	2,922	

28. CURRENT AND NON-CURRENT LIABILITIES – LEASE LIABILITIES

	2020 \$'000	2019 \$'000
Maturity analysis – contractual undiscounted cashflows		
Less than one year	10,331	-
One to five years	26,500	-
More than five years	4,071	-
Total undiscounted lease liabilities at 30 June 2020	40,902	-

Lease liabilities included in the consolidated Statement of Financial Position

Balance as at 1 July 2019	-	-
Introduction of AASB 16 Leases (refer next page for reconciliation)	34,989	-
Additions of leases during the year	11,442	-
Interest incurred	1,459	-
Payments of lease liabilities	(10,059)	-
Disposals of leases during the year	(846)	-
Impact of foreign exchange on lease liabilities balance	156	-
	37,141	-

Notes to the consolidated financial statements (cont.)

28. CURRENT AND NON-CURRENT LIABILITIES – LEASE LIABILITIES (cont.)

	2020 \$'000	2019 \$'000
Current	9,110	-
Non-current	28,031	-
	37,141	-

Amounts recognised in the consolidated Statement of Profit or Loss and other Comprehensive Income

Interest expense on lease liabilities	1,459	-
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Amounts recognised in the consolidated Statement of Cash Flows

Total cash outflow for leases	(10,059)	-
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On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under *AASB 117 Leases*. These liabilities were measured at the present value of future lease payments, discounted using an incremental borrowing rate of 4.115% as of 1 July 2019.

	\$'000
Reconciliation of closing lease commitments to opening lease liabilities	
Operating lease commitments as at 30 June 2019	55,645
Add: new operating lease commenced 1 July 2019 (office equipment)	1,384
(Less): operating leases committed to, not yet commenced at 1 July 2019	(12,034)
(Less): removal of option period previously included in lease commitments	(4,982)
(Less): impact of discount rate using the Group’s incremental borrowing rate at the date of initial application (4.115%)	(5,024)
Opening balance of lease liabilities upon introduction of AASB 16 Leases as at 1 July 2019	34,989

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group’s finance function.

Notes to the consolidated financial statements (cont.)

29. CURRENT AND NON-CURRENT LIABILITIES – OTHER

	2020 \$'000	2019 \$'000
Current		
Lease incentive	-	514
Non-current		
Lease incentive and rental straight-lining	-	3,099

30. EQUITY – ISSUED CAPITAL

	Number of shares	Share capital \$
Balance as at 1 July 2018	214,099,690	298,969,999
Issue of shares – 7 September 2018	14,328,489	30,519,677
Issue of shares – 15 April 2019	2,833,139	4,623,966
Issue of shares – 29 April 2019	305,266	496,485
Issue of shares – 31 May 2019	2,133,169	2,744,962
Balance as at 30 June 2019	233,699,753	337,355,089
Issue of shares – 23 October 2019	447,180	359,142
Issue of shares – 27 April 2020	487,026	298,060
Treasury shares re-issued under the share rights plan during the year	-	(72,052)
Balance of issued share capital as at 30 June 2020	234,633,959	337,940,239
(Less): Treasury shares held by Group entities	(9,053,422)	(15,516,780)
Balance of share capital as at 30 June 2020	225,580,537	322,423,459

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

31. EQUITY – REORGANISATION RESERVE

	2020 \$'000	2019 \$'000
Reserve arising out of corporate reorganisation	(135,099)	(135,099)

The reorganisation reserve reflects the change in organisational structure when Evans Dixon Limited (formerly Laver Place Pty Limited) became the parent entity of the Group on 18 March 2016.

Notes to the consolidated financial statements (cont.)

32. EQUITY – INVESTMENT REVALUATION RESERVE

	2020 \$'000	2019 \$'000
Investment revaluation reserve	(112)	375

The investment revaluation reserve represents the cumulative gains or losses arising on changes in the fair value of equity investments measured at fair value through other comprehensive income.

MOVEMENTS IN INVESTMENT REVALUATION RESERVE

Movements in the investment revaluation reserve during the current financial year is set out below:

	2020 \$'000	2019 \$'000
Balance at the beginning of the year	375	-
Fair value gain on financial assets measured at FVTOCI	(695)	535
Deferred tax liability arising on revaluation of financial assets	208	(160)
Balance at the end of the year	(112)	375

33. EQUITY – FOREIGN CURRENCY TRANSLATION RESERVE

	2020 \$'000	2019 \$'000
Foreign currency translation reserve	3,890	3,625

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

MOVEMENTS IN FOREIGN CURRENCY TRANSLATION RESERVE

Movements in the foreign currency translation reserve during the current and previous financial year are set out below:

	2020 \$'000	2019 \$'000
Balance at the beginning of the year	3,625	2,924
Exchange differences arising on translating the foreign operations	265	701
Balance at the end of the year	3,890	3,625

Notes to the consolidated financial statements (cont.)

34. EQUITY – SHARE BASED PAYMENTS RESERVE

The share based payments reserve represents the cumulative amount of share based payment expense recognised during the respective vesting periods of each tranche of shares that have been issued under the Loan Funded Share Plan (refer Note 35).

MOVEMENTS IN SHARE BASED PAYMENTS RESERVE

Movements in the share based payments reserve during the current and previous financial year are set out below:

	2020 \$'000	2019 \$'000
Balance at the beginning of the year	572	-
Share based payments expense recognised in the year	3,017	572
Balance at the end of the year	3,589	572

35. SHARE BASED PAYMENTS

EMPLOYEE SHARE OPTIONS

SHARE OPTIONS / RIGHTS PLAN

During the year ended 30 June 2020, the Group established its Share Options/Rights Plan (**ORP** or **Plan**) for its Australian domiciled employees (**Eligible Person**). The key terms of the ORP are listed as follows:

Nature of Rights	Each Right represents a right to acquire one (1) ordinary share of capital of the Company, subject to the terms and conditions of the Plan rules.
Determination of the Number of Rights	The number of Rights has been determined by dividing an Eligible Persons' Discretionary Share Rights Bonus amount by the volume weighted average of the price (VWAP) at which the Company shares traded on the ASX during the 10 trading days immediately prior to the Grant Date.
Grant Dates	15 October 2019 (tranches A, B & C) and 15 April 2020 (tranches D, E & F).
Vesting Dates	Refer below.
Exercise Expiry Date	Refer below.
Vesting Conditions	Continuous employment on the Vesting Dates or such other date the Board of the Company determines the Vesting Condition to have been met.
Right Exercise Price	Nil.
Dividend and voting entitlements	Rights do not confer an entitlement to receive dividends, to vote at Company meetings or to capital distributions. Once a Right has vested and is exercised, the holder will have the same benefits as other holders of ordinary shares in the Company.

Notes to the consolidated financial statements (cont.)

35. SHARE BASED PAYMENTS (cont.)

Funding of Rights	In order to satisfy the obligations of the Company arising from the grant of the Rights, the Company intends to, over time, purchase ordinary shares on-market, to be held in an employee share trust (Trust) or issue the relevant ordinary shares or a combination of those actions.
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As at 30 June 2020, six tranches of rights have been issued under the ORP as follows:

ORP	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E	Tranche F
Number of rights	1,859,691	1,859,691	1,859,977	395,637	395,637	395,671
Grant date	15-Oct-19	15-Oct-19	15-Oct-19	15-Apr-20	15-Apr-20	15-Apr-20
Vesting date	15-Oct-20	15-Oct-21	15-Oct-22	15-Apr-21	15-Apr-22	15-Apr-23
Exercise expiry date	15-Oct-26	15-Oct-26	15-Oct-26	15-Apr-27	15-Apr-27	15-Apr-27
Market value of shares at grant date	\$0.7928	\$0.7928	\$0.7928	\$0.5969	\$0.5969	\$0.5969

The rights issued under the ORP have been treated as ‘in substance options’ which have been valued using a Black-Scholes option pricing methodology with key inputs shown below. The resulting value is amortised over the vesting period on a probability adjusted basis. The total expense recorded for the year was \$1.7 million.

ORP	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E	Tranche F
Option life	1 year	2 years	3 years	1 year	2 years	3 years
Share price at grant date	\$0.825	\$0.825	\$0.825	\$0.635	\$0.635	\$0.635
Expected volatility	35%	35%	35%	40%	40%	40%
Historical dividend yield	9.7%	9.7%	9.7%	7.9%	7.9%	7.9%
Risk-free rate	0.76%	0.74%	0.72%	0.21%	0.21%	0.26%
Fair value per right	\$0.752	\$0.685	\$0.625	\$0.589	\$0.546	\$0.506
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

Number of Rights granted during the year	6,766,304
Number of Rights vested and exercised during the year (“good” leaver under the terms of the Plan)	(35,758)
Number of Rights forfeited during the year (“other” leaver under the terms of the Plan)	(209,792)
Balance at the end of the year	6,520,754

Notes to the consolidated financial statements (cont.)

35. SHARE BASED PAYMENTS (cont.)

LOAN FUNDED SHARE PLAN (LFSP)

During the year ended 30 June 2020, no further tranches of shares have been issued under the LFSP. Further details of previously issued LFSP tranches of shares are disclosed in the 2019 annual financial report. The total expense recorded for the year was \$1.3 million.

Balance at the start of the year	8,986,475
Number of Shares vested during the year ("good" leaver under the terms of the Plan)	(537,703)
Number of Shares forfeited during the year ("other" leaver under the terms of the Plan)	(475,599)
Balance at the end of the year	7,973,173

36. EQUITY – (ACCUMULATED LOSSES) / RETAINED PROFITS

	2020 \$'000	2019 \$'000
Balance at the beginning of the year	26,515	34,857
(Loss) / profit attributable to the owners of the Company	(30,493)	16,778
Payment of dividends	(12,776)	(25,120)
Balance at the end of the year	(16,754)	26,515

Notes to the consolidated financial statements (cont.)

37. PARENT ENTITY INFORMATION

As of and throughout the financial year ended 30 June 2020, the parent entity of the group was Evans Dixon Limited. The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

SUMMARISED FINANCIAL INFORMATION

	2020 \$'000	2019 \$'000
Summarised statement of financial position		
Current assets	100,075	95,964
Non-current assets	189,185	337,844
Total assets	289,260	433,808
Current liabilities	1,339	15,328
Non-current liabilities	10,029	-
Total liabilities	11,368	15,328
Net assets	277,892	418,480
Equity		
Issued capital	417,520	416,935
Reserves	3,589	572
(Accumulated losses)/retained profits	(143,217)	973
	277,892	418,480
Summarised statement of profit or loss and other comprehensive income		
(Loss)/profit for the year, after income tax*	(131,422)	20,851
Other comprehensive income	-	-
Total comprehensive (loss)/profit	(131,422)	20,851

*Includes impairment of subsidiary investments totalling \$144.8m.

On 1st August 2020, Evans Dixon Limited entered into a guarantee and indemnity agreement in respect of a commercial lease at 171 Collins Street, Melbourne, Victoria 3000, under which it has guaranteed the obligations of the lessee (ED Operations Pty Limited) under the lease. The amount of the obligation subject to the guarantee is \$6,091,742 (2019: nil). The accounting policies of the parent entity are consistent with those of the Group as disclosed in Note 2, except for consolidation of subsidiaries carried at cost.

Notes to the consolidated financial statements (cont.)

38. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's principal financial assets comprise cash and cash equivalents, trade and other receivables, investments in listed and unlisted securities, and deposits. The Group's principal financial liabilities comprise trade and other payables, lease liabilities and borrowings.

The Group's activities expose it to a variety of financial risks: for example, market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to ensure the potential adverse effects on the financial performance of the Group are kept to within acceptable limits. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and foreign currency risk, and ageing analysis for credit risk.

Risk management is carried out by senior management and the Board. The Board identifies and monitors the risk exposure of the Group and determines appropriate procedures, controls and risk limits. Senior management identifies, evaluates and monitors financial risks within the Group's operations. There has been no material change to the nature of the financial risks the Group is exposed to, or the manner in which these risks are managed and measured.

	2020 \$'000	2019 \$'000
Material categories of Financial Instruments		
Financial assets		
Cash and cash equivalents	37,635	45,252
Trade and other receivables	18,604	21,161
Assets classified as held for sale	10,409	14,402
Investments in financial assets	10,544	8,735
Deposits	5,101	3,837
Financial liabilities		
Trade and other payables	12,877	14,119
Borrowings	-	15,000
Lease liabilities	37,141	-

Notes to the consolidated financial statements (cont.)

38. FINANCIAL INSTRUMENTS (cont.)

CAPITAL MANAGEMENT

The capital structure of the Group consists of cash (cash and cash equivalents) and equity (comprising contributed equity, (accumulated losses)/retained profits and reserves).

The Group manages its capital with the aim of ensuring that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

A subsidiary of the Group, Evans and Partners Pty Limited, is a market participant on the ASX and Chi-X, and therefore has an externally imposed capital and liquidity requirement. In addition, the subsidiaries Evans and Partners Pty Limited, Dixon Advisory & Superannuation Services Limited, Walsh & Company Investments Limited, Walsh & Company Asset Management Pty Limited and E&P Corporate Advisory Pty Limited (formerly Evans Dixon Corporate Advisory Pty Limited) all have Australian Financial Services Licenses which require the maintenance of a minimum level of net assets.

FOREIGN CURRENCY RISK

The Group undertakes certain transactions denominated in foreign currencies that are different to the functional currency of the respective entities undertaking the transactions, hence the exposures to exchange rate fluctuations arise which are recorded through profit or loss. The carrying amounts of the Group's foreign currency denominated assets at the reporting date that are denominated in a currency different to the functional currency of the respective entities holding the monetary assets are as follows:

	2020 \$'000	2019 \$'000
Assets		
Currency of USA – represents cash at bank and intercompany trade receivables	18,042	18,695

i. Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A negative number below indicates a reduction in profit where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable increasing impact on the profit, and the balances below would be positive.

Notes to the consolidated financial statements (cont.)

38. FINANCIAL INSTRUMENTS (cont.)

	2020 \$'000	2019 \$'000
USD impact		
+ 10% strengthening	(1,804)	(1,869)
- 10% weakening	1,804	1,869

INTEREST RATE RISK

The Group is exposed to change in interest rates on cash at bank.

i. Interest rate sensitivity analysis

A 100 basis points (**BP**) increase or decrease in interest rates represents management's assessment of the reasonably possible change in interest rates based on cash at bank and borrowing balances at balance date.

	2020 \$'000	2019 \$'000
Impact of 100 BP change in interest rate applied on year-end cash at bank balance		
+ 100 basis points	358	403
- 100 basis points	(6)	(363)

CREDIT RISK MANAGEMENT

Credit risk management is the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. A default may arise through a counterparty failing to meet its obligation to pay invoiced fees.

i. Invoices for services

The credit worthiness of clients is taken into account when accepting client assignments.

Receivables consist of a number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of customers.

As at 30 June 2020 the Group does not have a significant credit risk exposure to any single customer. Note 13 includes an ageing of receivables past due.

Notes to the consolidated financial statements (cont.)

38. FINANCIAL INSTRUMENTS (cont.)

ii. Cash balances

The credit risk of the banks holding the Group's cash is considered limited because the banks have high credit ratings assigned by international credit rating agencies. Cash and cash equivalents are only deposited with reputable financial institutions. The majority of funds at year end were deposited with four banks in Australia and two banks in the USA.

LIQUIDITY RISK MANAGEMENT

Liquidity is the risk that financial obligations of the Group cannot be met as and when they fall due without incurring significant costs. The Group manages liquidity risk by monitoring forecast cash requirements, both short and longer term, against its current liquid assets. In determining the level of liquidity to maintain, regard is had to cash flows required over the next 12 months and regulatory obligations such as Australian Financial Services Licence requirements of the Group.

i. Liquidity and interest rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Financial Liabilities	Weighted average effective interest rate %	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000	Total \$'000
30 June 2020							
Non-interest bearing	-	(7,152)	(3,850)	(1,875)	-	-	(12,877)
Interest bearing lease liabilities	4.115%	(902)	(2,634)	(6,795)	(26,500)	(4,071)	(40,902)
30 June 2019							
Non-interest bearing	-	(5,571)	(4,291)	(4,257)	-	-	(14,119)
Interest bearing	4.56%	(15,000)	-	-	-	-	(15,000)

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes to the consolidated financial statements (cont.)

38. FINANCIAL INSTRUMENTS (cont.)

FAIR VALUE OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	2020	2019		
	\$'000	\$'000		
Financial assets				
Assets classified as held for sale:				
Listed corporations	10,409	14,402	Level 1	Quoted bid prices in an active market.
Investment property	-	1,430	Level 2	Value determined through contract for sale of property which was settled on 31 January 2020.
	10,409	15,832		
Investments in financial assets				
Listed corporations	7,588	7,201	Level 1	Quoted bid prices in an active market.
Shares/bonds in unlisted corporations	2,956	1,534	Level 2 / Level 3	Where relevant Level 2 market information, such as a recent capital raising or offer for sale of an asset, is available, this information is used to determine the fair value of the investment. For remaining investments, alternative Level 3 valuation techniques may be used adopting market or asset specific inputs and assumptions. In the absence of any other available information indicating material change in value, the Directors may deem that the fair value of assets materially approximates their historical cost. Movements in carrying values include movements in foreign exchange rates at balance date where the investments are held by foreign subsidiaries.
	10,544	8,735		

There were no transfers between Level 1 and Level 2/Level 3 in the year. The fair value of financial assets and financial liabilities which are not measured at fair value on a recurring basis materially approximates their carrying value at reporting date.

Notes to the consolidated financial statements (cont.)

39. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

TRADING TRANSACTIONS

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group and key management personnel:

	Provision of services		Purchase of services	
	Year ended 30 June 2020 \$'000	Year ended 30 June 2019 \$'000	Year ended 30 June 2020 \$'000	Year ended 30 June 2019 \$'000
Associates of Evans Dixon Limited				
Clear Law Pty Limited (formerly Evans Dixon Law Pty Limited)	-	-	-	-
US Select Private Opportunities Fund II GP, LLC	1,271	1,247	-	-
US Select Private Opportunities Fund III GP, LLC	846	1,027	-	-
US Select Private Opportunities Fund IV GP, LLC	1,027	105	-	-
US Select Direct Private Equity (US) GP, LLC	63	148	-	-
	3,207	2,527	-	-
Jointly controlled entities of Evans Dixon Limited				
Fort Street Real Estate Capital Pty Limited	1,767	3,458	415	365
Fort Street Real Estate Services Pty Limited	-	-	-	-
Fort Street Capital Pty Limited	1,000	-	-	-
Laver Place Sub Pty Limited	-	-	-	-
CVC Emerging Companies IM Pty Limited	153	354	-	-
CVC Emerging Companies Fund	167	-	-	-
Dixon Associates PE III Wholesale Fund	-	-	-	-
UA Dixon 168 Manager, LLC	34	59	-	-
UA Dixon 30-58/64 34th Street, LLC	3	37	-	-
UA Dixon 523 West 135th Street Manager, LLC	16	23	-	-
	3,140	3,931	415	365

Notes to the consolidated financial statements (cont.)

39. RELATED PARTY TRANSACTIONS (cont.)

KEY MANAGEMENT PERSONNEL (KMP) OF EVANS DIXON LIMITED

During the year, KMP and KMP-related entities were charged for various services including international equities managed discretionary account services, brokerage and rental of office premises totalling \$542,747 (2019: \$450,812). The terms and conditions of these transactions were at arms-length and were no more favourable than those available to non-KMP.

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Associates of Evans Dixon Limited				
Clear Law Pty Limited (formerly Evans Dixon Law Pty Limited)	214	230	271	159
	214	230	271	159
Jointly controlled entities of Evans Dixon Limited				
Fort Street Real Estate Capital Pty Limited	-	100	62	100
Dixon Associates PE III Wholesale Fund	12	13	-	-
UA Dixon 168 Manager, LLC	-	22	-	-
UA Dixon 30-58/64 34th Street, LLC	-	24	-	-
UA Dixon 523 West 135th Street Manager, LLC	-	4	-	-
	12	163	62	100
Key management personnel of Evans Dixon Limited				
Key management personnel – trade receivables	18	22	-	-

Notes to the consolidated financial statements (cont.)

40. KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration of Directors and other members of key management personnel during the year was as follows:

	2020 \$'000	2019 \$'000
Short-term employee benefits	4,245	2,610
Termination benefits	279	-
Post-employment benefits	99	117
Long-term employee benefits	142	21
	4,765	2,748

41. NET CASH PROVIDED BY OPERATING ACTIVITIES

Reconciliation of (loss) / profit for the year to net cash flows from operating activities:

	2020 \$'000	2019 \$'000
(Loss) / profit after tax for the year	(30,493)	16,778
Non-cash flows in profit:		
Add: Depreciation and amortisation	19,016	10,365
Add: Impairment of property, plant and equipment expense	3,565	-
Add: Impairment of goodwill, intangible assets and investments expense	38,651	-
Add: Share based payments expense	3,017	572
Add: Interest expense – lease liability	1,459	-
Add: Loss on derecognition of subsidiary	315	-
Add / (less): Unrealised foreign exchange	71	(235)
Add / (less): Movement of fair value of assets	796	(452)
(Less): Share of profits of associates and jointly controlled entities	(4,591)	(2,011)
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	2,305	9,157
(Increase) / decrease in prepayments	589	(983)
(Increase) / decrease in inventories	149	(10)
(Increase) / decrease in current tax assets	3,237	(3,634)
(Increase) / decrease in deposits	(1,265)	(477)
(Increase) / decrease in deferred tax assets	(2,868)	154
Increase / (decrease) in trade and other payables	(1,331)	(4,936)
Increase / (decrease) in contract liabilities	(2,218)	(2,466)
Increase / (decrease) in provisions	393	983
Net cash generated by operating activities	30,797	22,805

Notes to the consolidated financial statements (cont.)

42. CONTINGENT LIABILITIES

Citibank, N.A. has issued a standby letter of credit on behalf of Dixon Advisory USA Inc. in favour of the landlord of Level 28, 140 Broadway New York USA up to a limit of \$685,557 USD (\$998,917 AUD equivalent) as required under the terms of the lease of this premises.

Investors Bank has issued a standby letter of credit on behalf of Dixon Advisory USA Inc. in favour of the landlord of 1000 Plaza 2, Level 10, Jersey City NJ, USA up to a limit of \$131,331 USD (\$191,361 AUD equivalent) as required under the terms of the lease of this premises.

Wells Fargo Bank, N.A. has issued a standby letter of credit on behalf of Dixon Projects LLC in favour of Liberty Mutual Insurance Corporation up to a limit of \$750,000 USD (\$1,092,817 AUD equivalent) as required under the terms of an insurance policy.

The Group undertakes ongoing compliance activities, including reviews of products, advice, conduct and services provided to clients. The Group adopts a proactive approach when advised of a complaint with respect to the services provided to a client, as part of the conditions of their subsidiaries' Australian Financial Services Licences. Where required, the Group consults with the respective external dispute resolution authority on any remediation action, if applicable. Provisions are recognised when it is probable an outflow will be required to address a past event and where a reliable estimate is available.

43. COMMITMENTS FOR EXPENDITURE

The Group has a remaining commitment for investment into CVC Emerging Companies Fund totalling \$2.4 million.

The Group has a remaining commitment for investment into Dixon Associates PE III Wholesale Fund totalling \$1.6 million.

44. SUBSEQUENT EVENTS

In the context of COVID-19, on 2 August 2020, the Victorian state government declared a State of Disaster, including the introduction of Stage 4 lockdowns in the Melbourne metropolitan region. The implications of this and the wider ongoing global pandemic on business performance and conditions remains highly uncertain.

On 20 August 2020, the Group entered into a premium financing agreement in the amount of \$4.95 million, for the purposes of funding upfront premiums due in respect of Group insurance policies.

No other matters or circumstances have arisen since 30 June 2020 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity, and
- (d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors,



David Evans
Director



Sally Herman
Director

Dated: 27th August 2020

Independent auditor's report to the members of Evans Dixon Limited



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Australia

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Independent Auditor's Report to the members of Evans Dixon Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Evans Dixon Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor's report to the members of Evans Dixon Limited (cont.)

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Goodwill and Indefinite Life Intangible Assets – Impairment</p> <p>As at 30 June 2020 the Group has recognised Goodwill and other Indefinite Life Intangible Assets (Brands) totalling \$106.3 million. The Goodwill and other Indefinite Life Intangible Assets comprises 39% of the Group's Total Assets.</p> <p>Management has performed an impairment assessment and as disclosed in Note 20 has determined impairments in Goodwill and other Indefinite Life Intangible Assets totalling \$30.2 million.</p> <p>As disclosed in Note 3, significant judgement is required in the assessment of impairment of Goodwill and other Indefinite Life Intangible Assets. This impairment assessment is complex in respect of the assumptions and estimates used in preparing discounted cash flow models ('value in use'), including the determination of:</p> <ul style="list-style-type: none"> • Future cash flows for the CGU's; • Long term growth rates; and • Discount rates. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding and evaluating the controls associated with the Group's impairment assessment; • Obtaining the Group's Goodwill and other Indefinite Life Intangible Assets impairment models and: <ul style="list-style-type: none"> • Obtaining an understanding and evaluating the continued appropriateness of the Group's method adopted for allocating net assets including Goodwill and other Indefinite Life Intangible Assets to the CGU's at which level management monitor the Group's operations; • Assessing the integrity of the models including the accuracy of the underlying calculation formulae; • Challenging the key assumptions and estimates used in the models, including cash flow forecasts, discount rates, and growth rates; • Evaluating the appropriateness of the Group's sensitivity analysis of key inputs, including changes of future cash flows, growth rates and discount rates applied; and • Engaging our valuation specialists to calculate an independent discount rate to assess against the rates used in the Group's models • Assessing the appropriateness of the Group's disclosures in Note 2, 3(i) and 20 to the financial statements.

Independent auditor's report to the members of Evans Dixon Limited (cont.)



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Investments in Jointly Controlled Entities – Recoverable Value</p> <p>As at 30 June 2020 the Group has recognised Investments in Jointly Controlled Entities totalling \$22.6 million, which comprises 8% of the Group's Total Assets. The Jointly Controlled Entities are exposed to equity and property markets.</p> <p>In recognition of general equity and property market volatility associated with the COVID-19 pandemic, management has performed recoverable value assessments in respect of the Jointly Controlled Entities, and as a result, as disclosed in Note 15 an impairment expense totalling \$5.2 million was recognised as at 30 June 2020.</p> <p>As disclosed in Note 3 (iii), an active market may not exist for Joint Controlled Entity equity investments, including underlying equity interests held by Jointly Controlled Entities, and as a result significant judgement is applied in the valuation assumptions and estimates used in determining the recoverable value of the investments.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding and evaluating the controls associated with the recoverable value assessments; • Obtaining the Investments in Jointly Controlled Entities recoverable value assessments and for a sample of investments: <ul style="list-style-type: none"> • Evaluating the valuation methodology applied, including the significant inputs and assumptions used in determining the investment recoverable values; • Engaging our valuation specialists to assist with reviewing selected valuation inputs; and • Test checking underlying calculation formulae. • Assessing the appropriateness of the Group's disclosures in Note 2, 3(iii) and 15 to the financial statements.
<p>Revenue Recognition</p> <p>For the year ending 30 June 2020, the Group's E&P segment recognised revenue totalling \$51.1 million as disclosed in Note 4.</p> <p>Corporate transaction engagements recognised within the E&P segment include individually significant transactions where management judgement is applied in assessing the timing of satisfaction of contractual performance obligations, and the resultant timing of revenue recognition. Incorrect timing of revenue recognition, specifically at or around year-end, may lead to a risk of revenue being misstated.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the key processes implemented by the Group for assessing satisfaction of performance obligations and resultant recognition of revenue in relation to corporate transaction fees; • Testing on a sample basis, the timing of satisfaction of contractual performance obligations, and the resultant timing of revenue recognition of corporate transaction fees during the financial year, with a focus on transaction fees recognised at or around balance date; • Testing, on a sample basis, revenue recognised subsequent to year-end to assess whether revenue has been recognised in the correct period; and • Assessing the appropriateness of the Group's disclosures in Note 2 and 3(ii) to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

Independent auditor's report to the members of Evans Dixon Limited (cont.)

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report to the members of Evans Dixon Limited (cont.)

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 40 to 52 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Evans Dixon Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 27 August 2020

Additional stock exchange information

DIVIDEND DETAILS

The Board has decided to not declare a dividend in respect of the second half of the 2020 financial year. Going forward it is the intention of the Board to pay interim dividends in respect of half years ending in December and final dividends in respect of full years ending in June each year. It is anticipated that interim dividends will be paid in April and final dividends will be paid in October following the relevant financial period end. It is expected that all future dividends will be franked to the maximum extent possible without the Company incurring an additional tax liability.

STATEMENT OF QUOTED SECURITIES AS AT 1 AUGUST 2020

There are 3,493 shareholders holding a total of 234,633,959 ordinary shares.

The 20 largest shareholders between them hold 53.47% of the total shares on issue.

SHARE REGISTRY INFORMATION

The following information is correct as at 1 August 2020:

20 LARGEST SHAREHOLDERS

Registered holder	Number of shares held	% of ordinary shares
Alan Dixon	39,122,625	16.67%
Jolimont Terrace Investments Pty Limited	15,581,955	6.64%
ED Employee Investments Pty Limited	9,053,422	3.86%
Walker Street LB Nominees Pty Limited	6,917,083	2.95%
Wroxby Pty Limited	5,985,526	2.55%
BKI Investment Company Limited	5,674,572	2.42%
Washington H Soul Pattinson And Company Limited	5,624,571	2.40%
Inishail Pty Limited	5,010,148	2.14%
Laver Place Nominees Pty Limited	4,308,334	1.84%
Morey Ankatell Pty Limited	3,841,369	1.64%
Richard Anthony Lang Hunt	3,753,925	1.60%
Premiership Player Pty Limited	3,266,084	1.39%
Bobby T Pty Ltd	2,512,250	1.07%

Additional stock exchange information (cont.)

Registered holder	Number of shares held	% of ordinary shares
OHJS Group Pty Limited	2,440,000	1.04%
Mr Orange Pty Limited	2,400,000	1.02%
Zonda Capital Pty Limited	2,134,533	0.91%
IPCH Investments Pty Limited	2,092,872	0.89%
David Lea Calvert	1,913,569	0.82%
Wirreanda Investment Holdings	1,910,150	0.81%
Kernick House Pty Limited	1,904,261	0.81%

DISTRIBUTION OF SHAREHOLDERS

Holding	Number of shareholders	Number of shares held	% of ordinary shares
1 – 1,000	125	78,080	0.03%
1,001 – 5,000	523	1,713,476	0.73%
5,001 – 10,000	2,013	16,345,709	6.97%
10,001 – 100,000	649	20,928,797	8.92%
100,001 and over	183	195,567,897	83.35%
Total	3,493	234,633,959	100%

SUBSTANTIAL SHAREHOLDERS

The following holders are registered by the Company as a substantial shareholder, having declared a relevant interest, in accordance with the Corporations Act, in the shares below:

Name	Number of shares held	% of ordinary shares
Alan Dixon & Mr Orange Pty Limited	41,522,625	17.70%
David Evans, Sonya Evans, Jolimont Terrace Investments Pty Limited & Attunga Super Pty Limited	15,812,393	6.74%
Richard Hunt, Inishail Pty Limited, Denney Family Holdings Pty Limited, IPCH Investments Pty Limited, Baly Douglass Pty Limited, Baly Douglass (No2) Pty Limited & Wirreanda Investment Holdings Pty Limited	14,328,489	6.11%

Additional stock exchange information (cont.)

DIRECTORS' SHAREHOLDINGS

Director	Number of shares held
David Evans	15,812,393
Sally Herman	170,276
Josephine Linden	-
Kevin McCann	305,651
Anthony Pascoe	-

VOTING RIGHTS

At meetings of members or classes of members, each member may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote and on a poll every member present in person or by proxy, attorney or corporate representative has one vote for each fully paid Share held by the member.

VOLUNTARY ESCROW SHARES

As at 1 August 2020, 14,328,489 shares were subject to voluntary escrow. The voluntary escrow period ends on the dates and for the amount of shares set out in the table below:

Date of release	Shares released from voluntary escrow
14 May 2022	14,328,489

Corporate directory

Directors David Evans Alan Dixon (resigned 2 July 2020) Sally Herman Josephine Linden Kevin McCann Anthony Pascoe (appointed 2 July 2020)	Company secretary Paul Ryan	Registered office (principal place of business) Level 15, 100 Pacific Highway North Sydney, NSW, 2060 Telephone: 1300 069 436
Share Registry Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street Sydney, NSW, 2000 Telephone: 1800 634 850 www.boardroomlimited.com.au	Auditor Deloitte Touche Tohmatsu Grosvenor Place, 225 George Street Sydney, NSW, 2000	Website www.evansdixon.com.au



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