ANNUAL REPORT

30 JUNE 2021

E&P Financial Group Limited
(formerly Evans Dixon Limited)
ACN 609 913 457

Contents

Chairman's letter

24 AUGUST 2021

Dear Shareholder,

On behalf of the Board of Directors and Management team, I am pleased to be able to share with you the E&P Financial Group Limited Annual Report for the financial year ended 30 June 2021.

After a challenging couple of years, financial year 2021 was a year of stabilisation of our Company. It saw consolidation of our brand and significant progress made as we refocused our strategy and established the foundations from which we will grow into the medium and long term.

I would like to take this opportunity to acknowledge the commitment and hard work of our team and the ongoing loyalty and support of our shareholders.

In parallel to our work on the company, the impacts of the COVID-19 pandemic presented their own set of challenges for our clients and staff. Importantly, our investment in technology and sophisticated systems, together with our agile workforce meant our high client service levels were maintained. I am particularly proud of the way our staff supported one another and helped our clients navigate the volatility and capitalise on market opportunities in what was an extraordinary year. Notwithstanding the challenges, I believe we have emerged with professional and long-term client relationships that are indeed stronger than ever and will carry us well into the future.

There are a number key matters I would like to address in this update, including an update on our financial and operating performance, governance enhancements, regulatory matters and dividends.

FINANCIAL AND OPERATING PERFORMANCE

The performance of our core business over the year is worth noting. Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (**Adjusted EBITDA**) was $32.0 million and our Adjusted Net Profit After Tax before Amortisation (**Adjusted NPATA**) was $11.3 million. These results represent an improvement in underlying profitability of 2% and 22% respectively when compared to the 2020 financial year[1].

Strong performances from the E&P Capital and the Evans and Partners businesses were the key drivers in the improvement in core earnings. The result was supported by positive investment outcomes on principal positions and growth in core equities funds under management, which helped offset a softer performance in the Dixon wealth business in a period impacted by regulatory proceedings.

The Company's statutory financial result was adversely impacted by non-underlying items which primarily comprise expenses and provisions linked to ongoing regulatory matters, including ASIC's legal proceedings against Dixon Advisory & Superannuation Services Pty Limited (**DASS**) and takeover defence costs. We also recognised a non-cash impairment to goodwill in our E&P Wealth business of $11.2 million driven by regulatory impacts. Our balance sheet remains solid with no debt and a cash balance of $50.8 million which is supported by strategic investments in financial assets.

Notes:

1. On 18 December 2020, the Company announced the suspension of its Employee Share Plans (ESP). Aside from Key Management Personnel, E&P does not intend to grant further deferred equity to E&P employees as part of the Company's discretionary bonus awards. Nevertheless, E&P reserves the right to grant at any time deferred equity securities to employees in selected circumstances or generally at any time in the future. For the avoidance of doubt, any employees with contractual entitlements to participate in the ESP will continue to be eligible to receive such entitlements. Adjusted EBITDA and Adjusted NPATA, which adjust for the suspension of the ESP and businesses in wind-down (Dixon Projects) are presented to assist with like-for-like comparison with prior periods.

Chairman's letter *(cont.)*

GOVERNANCE AND REGULATORY MATTERS

Our independently chaired Investment Committee made meaningful progress during the year in re-shaping Dixon Advisory client portfolios, leveraging the Group's significant intellectual property and investment in our research capability to guide our advisers in delivering improved portfolio performance.

Providing high-quality service to our clients is our priority. We are addressing lagging legacy issues and have made progress in delivering value and liquidity outcomes for Dixon Advisory investors in our internally managed real asset funds. But there is more work to be done and we have a plan that we are systematically implementing.

We have taken important steps towards resolving the legal proceedings between ASIC and DASS. This has come at a cost to our statutory result, but we believe resolving these matters are in the interests of all.

The Company also commissioned an external independent review of governance practices and implemented all resulting recommendations during the year. We have made management and governance changes across DASS and the Group to ensure that clients' best interests are at the heart of everything we do.

DIVIDEND

We fully understand that dividends are important to our shareholders, but advise that we have made what we believe to be a prudent decision to not declare a final dividend in respect of the 2021 financial year in light of the upcoming settlement of the ASIC proceedings. We remain committed to the long-term annual target dividend payout policy of 75-85% of NPATA.

LOOKING AHEAD

We are well into our business model transformation. Our focus remains on executing our medium-term growth initiatives. Looking ahead to financial year 2022, we expect a softer contribution from E&P Funds as we complete the remaining structural change initiatives. In recent months we have developed good momentum across the core E&P Wealth, E&P Capital and equities fund strategies, which are expected to offset the diminishing contribution from real asset funds. This same momentum has led to a solid start to the new financial year, with several transactions having completed to support a very encouraging Corporate Advisory pipeline from which to build on.

Once again, I would like to thank all shareholders for their continued support and acknowledge the valuable contribution of the Board, Management team and all staff across the organisation.

Yours sincerely,

David Evans
Executive Chairman
E&P Financial Group Limited

About E&P Financial Group

E&P Financial Group (**Group**) is an Australian Securities Exchange listed financial services business with a history spanning over 30 years. E&P's operations can be grouped into three segments:

- E&P Wealth (formerly "Wealth Advice");
- E&P Capital (formerly "E&P"); and
- E&P Funds (formerly "Funds Management").

E&P Wealth services approximately 9,200 clients, representing $24.4 billion in funds under advice as at 30 June 2021.

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

In E&P Funds, we manage $6.7 billion of assets across a diverse range of asset classes and strategies.

E&P Financial Group has offices across Melbourne, Sydney, Canberra, Brisbane, and New Jersey, USA.

Year in review

OPERATING AND FINANCIAL REVIEW

GROUP FINANCIAL PERFORMANCE BY OPERATING SEGMENT

$'000	E&P WEALTH	E&P CAPITAL	E&P FUNDS	CORPORATE UNALLOCATED	TOTAL
Total revenue[1]	88,240	59,030	48,010	-	195,280
Net revenue[2]	83,875	57,421	46,651	-	187,947
Underlying EBITDA[3]	15,196	14,176	9,553	(10,917)	28,008
Underlying NPATA[4]					7,249
Adjusted EBITDA[5]	15,486	15,132	12,099	(10,695)	32,022
Adjusted NPATA[6]					11,263

GROUP PERFORMANCE

The Group recorded total revenue of $195.3 million and net revenue of $187.9 million after deducting cost of sales for the year to 30 June 2021. Net revenue was down 2% compared to the prior corresponding period. Execution of a record number of transactions in E&P Capital, the continued strong contribution from the Evans & Partners business and gains on private equity principal investments helped to offset the impacts of deliberate structural changes in E&P Funds, which resulted in lower management fees from the Group's real asset strategies.

The Group recorded Adjusted EBITDA of $32.0 million and Adjusted NPATA of $11.3 million for the period, which reflect a 2% and 22% increase respectively when compared to the prior corresponding period. The Group has chosen to report FY21 core earnings on an adjusted basis following the decision to suspend the Company's employee share plans (**ESP**) for all staff except key management personnel. The decision to suspend the ESP has led to a short-term overlap of current cash bonus expenses and historical ESP grant expenses in the Group's profit or loss statement. The adjusted profit measures, which account for the suspension of the ESP and businesses in wind-down (Dixon Projects) are presented to assist with like-for-like comparison with prior periods. The reconciliations of Adjusted EBITDA and Adjusted NPATA are set out in the non-IFRS information section on page 8.

Notes:

1. Total revenue excludes interest income of $0.2 million and $0.9 million in US Paycheck Protection Program income. It also includes $1.1 million in fair value losses on held for sale assets (presented along with gains on equity accounted investments) to reflect the net movement in the investment in CVC Emerging Companies Fund I during the period.
2. Net revenue is defined as gross revenue less cost of sales including trading execution, clearing and settlement costs, costs directly incurred in the provision of construction, project management, design and architectural services.
3. Underlying EBITDA reflect adjustments for items or events that the directors consider are not part of the usual business activities or reflect the underlying performance of the Company. See reconciliation in Non-IFRS information section for further information.
4. Underlying NPATA is defined as net profit after tax, before amortisation of acquired intangibles and items or events that the directors consider are not part of the usual business activities or reflect the underlying performance of the Company. See reconciliation in Non-IFRS information section for further information.
5. Adjusted EBITDA is defined as Underlying EBITDA adjusted for the suspension of the Employee Share Plans and businesses in wind down (Dixon Projects) to assist with like for like comparison with prior periods.
6. Adjusted NPATA is defined as Underlying NPATA adjusted for the suspension of the Employee Share Plans and businesses in wind down (Dixon Projects) to assist with like for like comparison with prior periods.

Year in review *(cont.)*

A continuing theme from the operational review conducted in FY20 is a strong focus on cost discipline. Operating expenses (excluding non-underlying items) across the Group were 8% lower compared to financial year 2020. The operating expenses savings would have been materially greater but for a significant increase in Group insurance premiums during the period.

Throughout FY21, the Group implemented many operating platform enhancements, positioning the business to execute its growth initiatives.

- In E&P Wealth, the successful implementation and growth of the Evans & Partners Retail Wealth Management and the DA Private service offerings increase the Group's presence in the underserviced mass affluent retail market which the Group is targeting to complement its core high net wealth offering.
- In E&P Capital, the business is expanding capability within targeted market segments, enhancing ECM deal origination and distribution and executing on its international strategy through the establishment of E&P Hong Kong.
- In E&P Funds, the Group has streamlined and rebranded its core equities offering and has made business development hires to accelerate the external distribution of these strategies.

The Group continues to progress in executing these clearly defined strategies to position the business for medium to long-term growth.

IMPAIRMENT

Following the Group's financial year-end impairment test, the Group recorded non-cash impairments of $11.2 million against goodwill which arose from past M&A activity. The impairment has impacted the E&P Wealth cash generating unit (**CGU**) and has occurred as a result of the legacy issues in the Dixon Advisory business (including the prevailing regulatory risks and associated costs) and industry disruption (including elevated insurance costs).

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.

NON-IFRS INFORMATION

The Group utilises certain non-IFRS financial measures when assessing the financial performance of the Group. These measures which include net revenue, underlying and adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) and underlying and adjusted Net Profit After Tax before Acquired Amortisation (**NPATA**) are not prepared in accordance with IFRS and are therefore considered 'non-IFRS' financial measures.

Management uses non-IFRS 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, to establish strategic goals and to allocate resources. The directors therefore believe that the non-IFRS measures provide useful information to assist investors and analysts to understand the business and its performance. The non-IFRS financial measures reflect adjustments for items or events that the directors consider are not part of the usual business activities or reflect the underlying performance of the Company. The adjustments have been consistently applied in all reporting periods, regardless of their impact on the underlying result.

Year in review *(cont.)*

The table below sets out the adjustments to EBITDA and NPAT that were made for FY21 and FY20.

UNDERLYING EBITDA AND NPATA RECONCILIATION IN FINANCIALS

FOR THE PERIOD $'000	FY21	FY20
Loss before income tax expense	**(18,040)**	**(28,599)**
Interest income and finance costs	1,351	1,806
Depreciation and amortisation[1]	14,553	19,016
Impairments	12,658	42,216
EBITDA	**10,522**	**34,439**
Underlying adjustments[2]		
Government stimulus grant (USA)	(889)	(1,325)
Net change in value of non-core investments	3,207	707
Commonwealth penalty	7,200	-
Regulatory proceedings and related costs	6,119	-
Costs of takeover defence	1,849	-
Employee termination payments	-	1,856
Loss on de-recognition of subsidiary	-	315
Other items	-	1,197
Underlying EBITDA	**28,008**	**37,189**
Other adjustments[3]		
Suspension of ESP	2,054	(5,911)
Operations in wind-down (Dixon Projects)	1,960	80
Adjusted EBITDA	**32,022**	**31,358**
Statutory loss after tax	**(18,835)**	**(30,493)**
After tax amount of underlying adjustments	14,270	1,607
Impairment of goodwill and other	11,193	40,973
Amortisation of acquired intangibles	1,568	3,338
US CARES Act tax credit	(947)	(2,143)
Underlying NPATA	**7,249**	**13,282**
After tax amount of other adjustments[3]	4,014	(4,030)
Adjusted NPATA	**11,263**	**9,252**

Notes:

1. Depreciation and amortisation includes $1.0 million in gain on leases which is treated as other income in the consolidated statement of profit or loss and other comprehensive income. Refer to notes 4a and 4c for further details.
2. Non-core investments reflect the Group's legacy investment in an asset or enterprise that is unrelated to the core activities of the Group.

- The FY21 Underlying EBITDA adjustments include income of $0.9 million received in the form of US Paycheck Protection Program forgivable loan ($0.9 million after tax), net fair value adjustment of and acquisition loss on non-core investments of $3.2 million ($2.4 million after tax), $7.2 million Commonwealth penalty ($7.2 million after tax), $6.1 million in expenses relating to regulatory proceedings and related costs, net of insurance ($4.3 million after tax) and $1.8 million in direct legal and advisory expenses incurred in defence of 360 Capital's off-market takeover offer ($1.3 million after tax).
- The FY20 Underlying EBITDA adjustments include $1.9 million in employee termination payments ($1.4 million after tax), loss on sale of the Dixon Realty business totalling $0.3 million ($0.3 million after tax), income of $1.3 million received in the form of US Paycheck Protection Program forgivable loan ($1.3 million after tax), net change in value of non-core investments of $0.7 million ($0.4 million after tax) and $1.2 million in other items ($0.8 million after tax).
- FY21 Underlying NPATA excludes the impact of amortisation of intangible assets that arose from the merger with Evans & Partners, acquisition of Fort Street Advisers and the Company's IPO in FY21 totalling $1.6 million after tax (FY20: $3.3 million). Underlying NPATA also excludes tax relief stimulus measures resulting from the US CARES Act totalling $0.9 million (FY20: $2.1 million) and an $11.2 million impairment of goodwill in E&P Wealth due to regulatory matters.
- FY20 Underlying NPATA adjustments also include impairment of goodwill, other intangibles and the Group's investment in FSC totalling $37.5 million after tax and $3.5 million in impairment of PP&E arising from changes in US premises.

3. Other adjustments account for the suspension of the ESP in FY21. To assist with like-for-like comparison with the prior period, FY20 has been adjusted to reflect full cash bonuses and both periods adjusted to remove the impact of ESP grants made in respect of FY20.

BUSINESS SEGMENT OVERVIEW

E&P WEALTH

E&P Wealth provides a full-service solution for private 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 legal services. E&P Wealth operates across two brands: Evans & Partners and Dixon Advisory. E&P Wealth revenues are primarily derived from fee for service investment and financial advice and administration, asset-based advice fees and securities brokerage. E&P Wealth also receives fees for participation in equity and debt capital raisings.

E&P Wealth generated net revenue of $83.9 million in FY21 which was down 5% compared to the prior corresponding period. Brokerage revenue was softer compared to the strong prior period which benefitted from higher trading volumes resulting from COVID-19 market volatility. Growth in Evans & Partners advice and services revenue helped to partially offset a reduction in the contribution from Dixon Advisory in a period impacted by regulatory proceedings. E&P Wealth adjusted EBITDA of $15.5 million was down 16% compared to the prior corresponding period. Over FY21, E&P Wealth had great success in the rollout and growth of the new Evans & Partners Retail Wealth Management funds under advice (**FUA**) based service models. This is an important step towards improving the quality of earnings, by expanding the Evans & Partners financial advice offering across our client base and increasing exposure to FUA-based revenue whilst reducing the contribution from transactional sources. Operating expenses for E&P Wealth remained stable as lower remuneration expenses were offset by higher insurance and advertising expenses.

FUA was $24.4 billion at 30 June 2021, representing an increase of 22% from the prior corresponding period. The business saw strong FUA growth from the Evans & Partners client base reflecting positive investment outcomes. The total number of E&P Wealth clients of approximately 9,200 was largely stable over the year, with modest client exits from Dixon Advisory and client transfers to the new Evans & Partners Retail Wealth Management platform partially offset by a net increase in new Evans & Partners clients.

Over FY21, the E&P Wealth business successfully implemented and commenced the growth of the Evans & Partners Retail Wealth Management and DA Private service offerings. By 30 June 2021, a combined 365 clients had joined or transferred to the services, representing FUA of $709 million. Moreover, in line with the strategy to operate under a unified brand, several advisers are now dual authorised to provide advice across both Dixon Advisory and Evans & Partners.

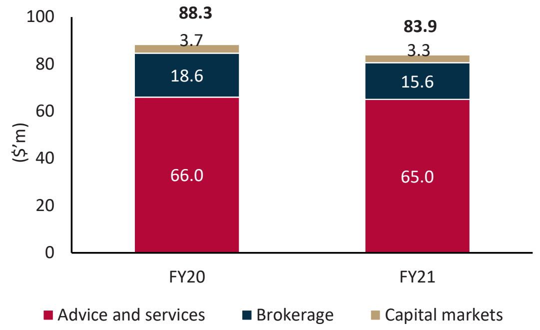
Other E&P Wealth operational highlights for the year include:

- 90% of Advisers have passed the FASEA exam; targeting 100% by calendar year end.
- The formal launch of the Evans & Partners Family Office service offering.
- Implementation of a comprehensive ESG strategic plan that is integrated into the advice process.
- Establishment of the Dixon Advisory Client Advisory Board.
- Transitioned primary platform provider to HUB24 and key third-party SMSF technology partner to BGL 360, both bringing several key benefits across the client experience and provision of service.
- Important progress in resolving the outstanding regulatory proceedings.

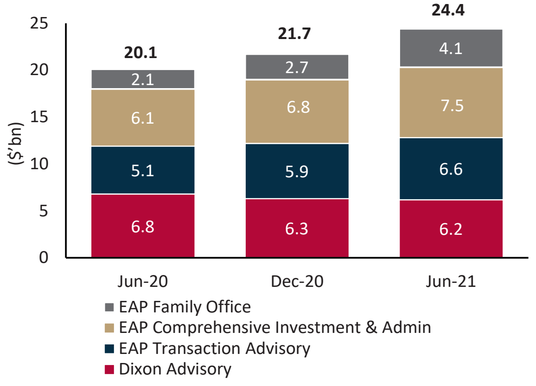
Year in review *(cont.)*

The breadth of service packages offered by E&P Wealth, its highly educated adviser base and existing scalable advice infrastructure positions the business for growth.

E&P WEALTH NET REVENUE



E&P WEALTH FUA



E&P CAPITAL

E&P Capital 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 Capital segment generates revenue through institutional brokerage and securities execution commissions, corporate advisory services fees and debt and equity capital markets advice fees.

E&P Capital had a strong year with the division recording net revenue of $57.4 million, up 26% compared to the prior corresponding period. The material increase in revenue was attributable to successful integration of the institutional, capital markets and corporate advisory businesses and high levels of market activity. Adjusted EBITDA was $15.1 million, which was 49% higher than the prior corresponding period.

The business advised on a record number of Corporate Advisory transactions during the period. The increased transaction volume, driven by an uplift in ECM activity and a number of large M&A transactions in targeted sectors of expertise, demonstrated the successful execution of the business' integrated growth strategy.

E&P Capital's institutional business expanded over the year with a focus on growing its fixed income and international presence. The E&P Hong Kong institutional desk is now operational which provides access to the E&P Capital platform for international clients and is expected to contribute to the growth of E&P Capital's sales trading and ECM offerings and leverage its research capability.

E&P Capital continued to expand its targeted research offering, increasing the number of stocks under coverage by 20 to 135 companies (including 26 initiations during the period), representing 73% of the ASX200 by market capitalisation as at 30 June 2021. This included a targeted increase in small-mid cap coverage in line with the E&P Capital's core verticals focus. The business has made a significant investment in people and systems as well as reshaping of research coverage over the past two years to optimise the research product as a key differentiator.

Year in review *(cont.)*

The quality of the Group's institutional sales, trading and equity research teams in the small-to-mid caps space was demonstrated through E&P Capital's exceptional result in the Peter Lee Associates Australian Equity Investors Report 2020. The strong result supports the investment the business has made over prior periods.

REPORT	
Peter Lee Associates Australian Equity Investors Report 2020	■ **Sales** - 1st in sales team capability, equal 1st sales strength in NZ. ■ **Research** - strong recognition for sector research – top five ranked analysts across four sectors, including a lead analyst in technology, 2nd in Research independence. ■ **Execution** - 3rd in agency execution and co-leading on best execution of small caps.

E&P CAPITAL SELECTED CORPORATE ADVISORY TRANSACTIONS

CATAPULT

June 2021
$47 million

Placement
Joint Lead Manager

CARBON REVOLUTION

April 2021
$95 million

Institutional Placement and Accelerated Non-Renounceable Entitlement Offer
Joint Lead Manager

AMP

April 2021
Undisclosed

Adviser to IBC or RE of AMP Capital Diversified Property Fund (ADPF) on its merger with the Dexus Wholesale Property Fund

MORRISON&CO Infratil

April 2021
NZ$867 million

Sole financial adviser to Morrison & Co and Infratil in relation to acquisition of ~55% interest in Pacific Radiology Group

MACQUARIE BANK

March 2021
$725 million

Capital Notes 5
Joint Lead Manager

Ascender

March 2021
Undisclosed

Financial Adviser to the shareholders of Ascender in relation to the sale of Ceridian HCM Inc

nab

December 2020
$2,000 million

Capital Notes 5
Joint Lead Manager

Universal Store

November 2020
$150 million

Adviser to Universal Store in relation to its Initial Public Offering

HUB24

November 2020
$60 million

Financial adviser on acquisition of Xplore Wealth
Joint Lead Manager

Waypoint REIT

October 2020
Undisclosed

Adviser to Waypoint REIT in relation to its internalisation of its management vehicle from Viva Energy

CANN GROUP LIMITED

July 2020
$40 million

Institutional Placement and SPP
Joint Lead Manager

4DMedical

July 2020
$56 million

Initial Public Offering
Joint Lead Manager

Year in review *(cont.)*

E&P FUNDS

E&P Funds provides investment management solutions tailored to suit the needs of clients and investors. E&P Funds 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. E&P Funds 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.

During the period, E&P Funds progressed several major structural initiatives to achieve value and liquidity for investors in internally managed real asset funds, while investing for growth in core equities external distribution and branding. The changes to real asset funds included a major refinance of US Masters Residential Property Fund's (**URF**) debt facilities, the continuation of its asset sale program and wind down of Dixon Projects, execution of an asset sale program within New Energy Solar, completion of the merger of the Fort Street Real Estate Capital (**FSREC**) fund series and subsequent asset sale.

The business also made a series of operating platform enhancements to improve the marketability of its strongly performing core equities strategies. This included investment in dedicated distribution resources and strategic marketing to promote further external distribution.

The impact of the structural changes to the real assets funds has led to a reduction in E&P Funds revenues, with net revenue down 19% to $46.7 million compared to the prior corresponding period. The primary drivers behind this reduction were the wind down of Dixon Projects and lower funds under management (**FUM**) in the Group's real asset funds. The reduction in FUM based revenue was primarily due to lower responsible entity fees received from URF and management fees from New Energy Solar following asset sales and debt reductions. The reduction in FUM based revenue was partially offset by fair value gains for the Group's principal positions in the CD Private Equity Fund series and CVC Emerging Companies Fund I joint ventures. E&P Funds produced adjusted EBITDA of $12.1 million, which was down 19% compared to the prior corresponding period.

Key E&P Funds operational highlights for the year include:

REAL ASSET FUNDS

- Successful refinance of URF debt facilities in November 2020; asset sales continue to progress as planned (US$113 million of asset sales completed in FY21).
  - URF continues to explore corporate opportunities.
  - Repayment of URF Notes III in full prior to maturity in March 2021, returning $175 million to noteholders.
- FSREC fund merger in December 2020, Mascot asset sale (settled in July 2021) and subsequent debt reduction plus withdrawal offer returning $95 million to unitholders.
- New Energy Solar Australian asset sales of $288 million (settled in July 2021) with proceeds to be used for capital management including debt reduction and buybacks in excess of $30 million.
- The US Solar Fund Plc continued to grow after successfully completing an upsized US$132 million institutional equity raise in May 2021 with proceeds used to acquire a further 25% interest in the Mount Signal 2 solar plant and for capital management initiatives.

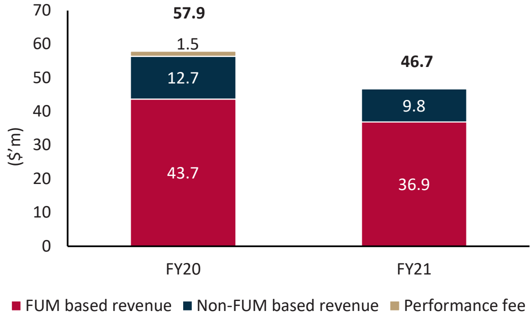
Year in review *(cont.)*

CORE EQUITIES OFFERING

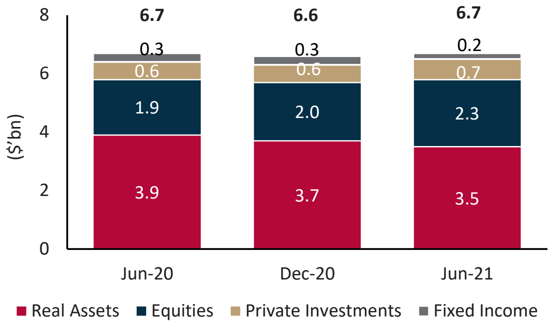
- The Evans & Partners International Fund was re-branded to Claremont Global Fund and secured a Lonsec "Investment Grade" rating to complement its existing SQM and Zenith ratings.
- The Flagship series of equities funds was rebranded to Orca Funds Management and the funds were converted from listed investment trusts to unlisted unit trusts.
- Multiple business development hires to drive external distribution of equities funds.
- The Global Disruption and Claremont Global strategies continued to perform well with strong outperformance of their respective benchmarks over FY21.

FUM as at 30 June 2021 was $6.7 billion, in line with the prior corresponding period as strong performances across the core equities portfolios were offset by a net reduction in real asset funds from asset sale programs.

E&P FUNDS NET REVENUE



FUNDS UNDER MANAGEMENT BY ASSET CLASS[1]



REBRANDED EQUITIES OFFERING

Claremont Global

EQUITIES OFFERING	FUM AS AT 30 JUNE 2021
Claremont Global / E&P International Strategy	$1,081m
Orca Funds Management	$756m
E&P Australian Equities Strategies	$411m
Other (Sprott Gold / Global Healthcare)	$23m
Total Equities FUM	**$2,271m**

Note:
1. Gross funds under management, unaudited as at 30 June 2021. Past performance is not a reliable indicator of future financial performance.

Year in review *(cont.)*

SELECT PRODUCT PERFORMANCE AS OF 30 JUNE 2021	TOTAL RETURN (P.A.)[1]			
FUND	1 YEAR	VS INDEX	SINCE INCEPTION[2]	VS INDEX
Claremont Global Fund (Hedged)	36.7%	1.2%	14.3%	2.9%
Orca Global Disruption Fund	29.7%	1.7%	25.3%	10.6%
E&P Australian Equities Growth Portfolio	31.1%	2.0%	12.1%	1.4%

DIVIDENDS

After declaring an interim dividend of 2.0¢ per share paid in April 2021, the Board has decided to not declare a final dividend in respect of the 2021 financial year in light of the penalty expected to be paid to the Commonwealth in settlement of ASIC's legal proceedings against DASS. The Board understands the importance of dividends to our shareholders and remains committed to the targeted full year dividend payout policy of 75-85% of NPATA.

BALANCE SHEET AND CAPITAL

Management continues to focus on cash and liquidity. It was for this reason that the Group maintained a prudent balance sheet over the year and continued to monetise non-core investments where possible. As of 30 June 2021, the Group had no debt and a healthy cash balance of $50.8 million which is supported by $32.1 million of investments in financial assets and equity accounted investments. Net assets declined 11% compared to 30 June 2020 as a result of the statutory loss after tax which included several non-underlying items, primarily relating to the impairment of goodwill in E&P Wealth and associated regulatory matters, that the business does not consider are part of the usual business activities or reflect the underlying performance of the Company. A reconciliation of the non-underlying items is set out above in the Non-IFRS Information section on page 8.

COVID-19 UPDATE

The effects of the COVID-19 pandemic resulted in significant disruption to both domestic and global financial markets and heightened uncertainty and risk for the global economic outlook.

The COVID-19 pandemic presented its own set of challenges for our clients and staff. In response we have implemented a series of initiatives to support them and help our clients navigate the volatility and capitalise on market opportunities. We have encouraged flexible working arrangements for staff, with around 95% of staff members having worked, or continuing to work, remotely.

Importantly, our investment in technology and sophisticated systems, together with our agile workforce meant our high client service levels were maintained. Our sophisticated IT infrastructure has responded well to the demands of extended remote working with no material issues encountered whilst enacting our Business Continuity Plan. Throughout the year, the Group coordinated a gradual return to offices where it was safe to do so and in line with State government protocols at the time.

Notes:

1. Represents NTA returns for Orca Global Disruption Fund and unit price returns after fees with dividends reinvested for Claremont Global Fund (Hedged) and E&P Australian Equities Growth Portfolio.
2. Inception date for Claremont Global Fund (Hedged) on 18 February 2014, Orca Global Disruption Fund on 25 July 2017 and E&P Australian Equities Growth Portfolio on 16 March 2011.

Year in review *(cont.)*

The Group did not qualify for Job-Keeper wage support, however our US subsidiary E&P Financial Group USA received support via a US Paycheck Protection Program forgivable loan which has been treated as non-recurring income. There have been no staff redundancies or wage furloughs to date in response to COVID-19.

Our Company is fortunate that the impacts of the COVID-19 pandemic on business performance have not been as significant as others have experienced. Whilst the economic uncertainty that prevailed through the second half of FY20 in particular led to the deferral of planned transactions in E&P Funds and reduced volume of corporate advisory and capital market transactions within E&P Capital, equity markets have since rebounded and confidence improved materially, which is reflected in our Company's FY21 performance. Meanwhile, E&P Wealth and our Institutional Equities business benefited from the volatility through elevated trading activity generating strong brokerage revenue, particularly in the second half of FY20. When preparing internal forecasts and budgets, management considers the potential impacts of COVID-19, though our base case forecasts do not assume a significant deterioration in trading conditions.

Our primary focus remains our clients and, notwithstanding the obvious disruptions arising from COVID-19, we have maintained client service levels as staff work remotely. The Group will continue to adapt and address the ongoing challenges posed by COVID 19 as necessary over the upcoming financial year.

Corporate governance statement

INTRODUCTION

The board of E&P Financial Group 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 4th 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.eap.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 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:

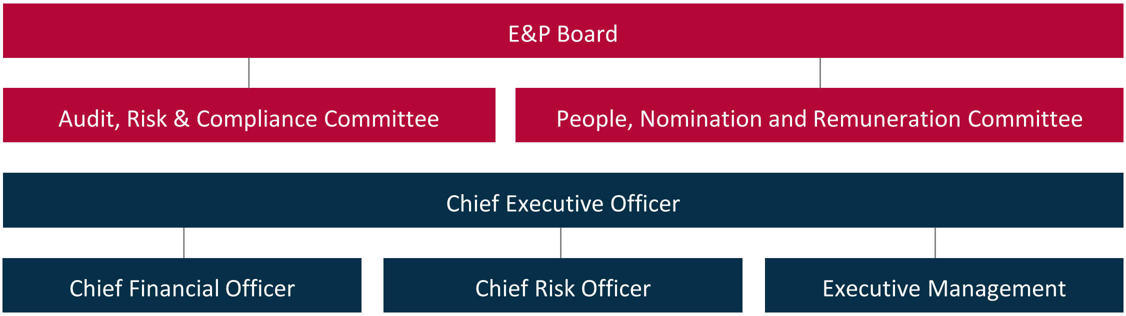
- the Board composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

A copy of the Board Charter is available www.eap.com.au/shareholdercentre/corporate-governance.

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.

STATEMENT OF VALUES

E&P Financial Group identifies the following as our values to help in achieving our purpose:

- we act with integrity;
- we are accountable;
- we strive for excellence in all that we do;
- we always have our client's best interests in mind;
- respect, inclusion and teamwork are at the core of our business; and
- we operate as a meritocracy.

CODE OF CONDUCT

The Company has been 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.

Corporate governance statement *(cont.)*

The key aspects of this code are to:

- articulate the high standards of honesty, integrity and 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);
- 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.

The Code of Conduct requires that the Board of the Company is informed of any material breaches of the code.

A copy of the Code of Conduct is available at www.eap.com.au/shareholdercentre/corporate-governance.

APPOINTMENT OF DIRECTORS OR SENIOR EXECUTIVES

The Company has a formal process in place to ensure that appropriate backgrounds checks are undertaken before appointing a person as director or senior executive or putting forward to shareholders a candidate for election as a director. Background checks include verification of 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 or senior executive is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director or senior executive 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 2021. This skills matrix is reflective of the Board as at 30 June 2021.

SKILLS	NUMBER OF DIRECTORS
Leadership & Strategic Direction	5
Corporate Governance	5
Financial & Accounting	5
Risk Based Auditing & Risk Management	5
Legal & Regulatory Compliance	5

Corporate governance statement *(cont.)*

INDUSTRY EXPERIENCE	NUMBER OF DIRECTORS
Financial Markets	5
Wealth Management	4
Funds Management	5
Corporate Advisory	5
Legal & Regulatory Compliance	5

COMPOSITION OF THE BOARD FOR FY21

The Company's Board as at 30 June 2021 comprised of majority independent members:

DIRECTOR	POSITION
David Evans	Executive Chairman
Kevin McCann	Lead Independent Non-Executive Director[1]
Sally Herman	Independent Non-Executive Director
Josephine Linden	Independent Non-Executive Director
Anthony Pascoe	Independent Non-Executive Director (appointed 2 July 2020)[2]
Alan Dixon	1 July 2020 – 2 July 2020[3]

Detailed biographies of the Board members at the date of this report are given in the Directors' Report (see page 29 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.

Notes:

1. Kevin McCann remained as an Independent Non-Executive member of the Board for the full 2021 financial reporting period. On 31 March 2021, the Board of the Company resolved to appoint Kevin McCann as the Lead Independent Director of the Board.
2. On 1 October 2020, the company announced that Mr Anthony Pascoe, who had been appointed as an independent non-executive director during the year, would not stand for re-election at the 2020 Annual General Meeting (Meeting) held on 11 November 2020. Mr Pascoe made the decision not to stand for re-election to accommodate the nomination of Mr Tony Pitt by major shareholder 360 Capital Group (ASX: TGP) to become a director of the Company. Following the withdrawal by 360 Capital of its nomination of Mr Pitt on 10 November 2020, the day immediately prior to the Meeting, the Board reappointed Mr Pascoe to the Board as an independent non-executive director with immediate effect, to fill the Board vacancy.
3. 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.

Corporate governance statement *(cont.)*

The Company's Board Charter provides that the Board has the ability to appoint a lead independent director where the Chair of the Company is not independent. The lead independent director's responsibilities include:

- perform the role and function of the Chair in the absence of the Chair for any reason;
- be available to facilitate (as appropriate and required) Chair succession planning, approvals and actions required to be performed by the Chair where the Chair may be conflicted;
- support in the performance evaluation of the role and function of the Chair; and
- act as a separate channel of communication for security holders in particular where those communications may concern the Chair.

On 31 March 2021, the Board of the Company resolved to appoint Kevin McCann as the Lead Independent Director of the Board. Mr McCann will assume the role of the Chair of the Company Board in instances where Mr Evans has a potential conflict of interest or lack of independence.

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.

MEASURABLE OBJECTIVES

As required by the Group's Diversity Policy, the Board is required to set measurable objectives to allow it to achieve diversity. The Board maintained its agreement to not have less than 30% of each gender on the Board at all times as a measurable objective for FY21 pending completion of a detailed analysis of diversity metrics across the Group. Based on the outcomes of that analysis, the People, Nomination and Remuneration Committee and Board scheduled sessions post year end specifically to consider industry diversity issues and agree an appropriate set of objectives also encompassing senior executives and our workforce generally for FY22 and beyond.

Corporate governance statement *(cont.)*

GENDER DIVERSITY DATA

The proportion of men and women employed by the Company as at 30 June 2021 is set out in the table below.

LEVEL	MEN	WOMEN	TOTAL STAFF
Board	60%	40%	5
Key Management Personnel (excluding Directors)	100%	0%	3
Other executives/managers	76%	24%	108
Employees	59%	41%	459

INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT FOR DIRECTORS

The Company has adopted an induction program which is used for the induction of new directors of the Company. The purpose of the program is to provide new directors with an overview of the organisation, its activities and to position them to discharge their responsibilities effectively and to add value.

Under the program, an induction meeting will be held with each new director. The new director will be given the opportunity to meet with the Chair, other directors, key executives (CEO, CFO and CRO) and management to gain an understanding of the Company's structure, business operations, history, culture and key risks. If the new director is not familiar with the legal framework that governs the entity, the director will also be provided with training on their legal duties and responsibilities as a director under the key legislation governing the Company and the listing rules. If the new director does not have accounting skills or knowledge, they will receive training on key accounting matters and on the responsibility of directors in relation to the financial statements. On appointment, the directors of the Company are individually briefed by the Board, CEO, CFO and senior management.

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. 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.

Corporate governance statement *(cont.)*

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.

The Group CEO is responsible for annually reviewing the performance of the Executive Key Management Personnel. Performance review criteria vary according to the individual's role but include (as appropriate) financial performance, risk management, business and people leadership and culture.

A performance evaluation for the senior executives, including the CEO in relation to FY2021 was undertaken 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. Where an incident is considered a material breach of the policy, the Board will be notified in accordance with the reporting procedures. A copy of the Fraud and Corruption Policy is available at www.eap.com.au/shareholdercentre/corporate-governance.

WHISTLEBLOWING POLICY

In line with the Company's expected standards of conduct and culture, the Company has adopted a Whistleblowing Policy which aims to promote a culture of compliance, honesty and ethical integrity by providing an avenue, without fear of persecution or intimidation, for the reporting of improper conduct or behaviour (i.e. wrongdoing). Improper conduct or behaviour may relate to the Company's business activities, licensing conditions, internal policies and other standards of behaviour expected of the Company's employees.

The Board of the Company encourages all individuals associated with the Company to report suspected instances of wrongdoing that could potentially harm the Company's employees, its assets, and the Company's long-term sustainability and reputation. The Company has zero tolerance for any breach of the policy. Any material breach of the policy is required to be reported to Board.

A copy of the Whistleblowing Policy is available at www.eap.com.au/shareholdercentre/corporate-governance.

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.

A copy of the Securities Trading Policy is available at www.eap.com.au/shareholdercentre/corporate-governance.

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.

The Board receives copies of all announcements promptly after they have been made.

All presentations containing price-sensitive information which may be presented to potential or substantive investors/analysts, are published on the ASX ahead of presenting. A copy of the Market Disclosure Policy is available at www.eap.com.au/shareholdercentre/corporate-governance.

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.

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. All substantive resolutions at a meeting of shareholders are decided by a poll.

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.

A copy of the Shareholder Communications Policy is available at www.eap.com.au/shareholdercentre/corporate-governance.

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.

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 FY21 were:

- Kevin McCann (Chairman, Independent Non-Executive Director) (Appointed as Chairman of the Committee on 15 July 2020)
- Sally Herman (Independent Non-Executive Director) (Resigned from the position of Chairman on 15 July 2020 and remained as a member)
- Josephine Linden (Independent Non-Executive Director)
- David Evans (Executive Director)

A copy of the People, Nomination and Remuneration Committee Charter is available at www.eap.com.au/shareholdercentre/corporate-governance.

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 FY21 were:

- Sally Herman (Chairman, Independent Non-Executive Director)
- Josephine Linden (Independent Non-Executive Director) (resigned from the Committee 2 July 2020)
- Anthony Pascoe (Independent Non-Executive Director) (appointed to the Committee 2 July 2020)
- Kevin McCann (Independent Non-Executive Director)

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 on page 29.

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. The Committee assist the Board in ensuring that the Company is operating with due regard to the risk appetite set by the Board. 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 in page 104 of the Annual Report.

Other key risks include:

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

Corporate governance statement *(cont.)*

Given the nature and size of the Company's business and operations, the business has not identified any material environmental sustainability risks. Social sustainability risk assessment (across areas such as customer privacy, ethical conduct, and labour management) forms part of the overall risk management framework overseen by the Board, with the assistance of the Audit, Risk & Compliance Committee. In addition, our Modern Slavery Statement provides an overview of the policies and practices that supports the ongoing assessment of social sustainability risks related to contractual counterparties and suppliers.

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 2021 full year statutory accounts of the Company.

The Board does not release to the market any periodic corporate reports which are not audited or reviewed by any external auditor.

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 37 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 100 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.

On 18th December 2020, the Group announced its intention from this date to suspend granting further equity to employees under the ORP & LFSP. This does not impact previously issued employee share options.

Directors' report

INTRODUCTION

The directors of E&P Financial Group 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 2021. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names of the directors of E&P Financial Group Limited during or since the end of the financial year are:

- David Evans, Executive Chairman
- Sally Herman, Non-Executive Director
- Josephine Linden, Non-Executive Director
- Kevin McCann, Non-Executive Director
- Anthony Pascoe, Non-Executive Director (appointed 2 July 2020, resigned 11 November 2020, re-appointed 18 November 2020)
- Alan Dixon, Non-Executive Director (resigned 2 July 2020)

COMPANY SECRETARIES

The following person was company secretary of E&P Financial Group Limited during the financial year and up to the date of this report:

- Paul Ryan

INFORMATION ON CURRENT DIRECTORS

Member of:
People, Nomination and Remuneration Committee

DAVID EVANS

David Evans has been a director of E&P Financial Group since February 2017.

David Evans is the Executive Chairman of E&P Financial Group 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, Nomination & Remuneration Committee. He is a member of the Victorian Police Corporate Advisory Group and Chairman of Cricket Australia's Investment Committee. David holds a Bachelor of Economics from Monash University.

Chairman of:
Audit, Risk and Compliance Committee

Member of:
People, Nomination and Remuneration Committee

SALLY HERMAN

Sally Herman has been a director of E&P Financial Group Limited since March 2018.

Sally is an experienced Non-Executive Director in the fields of financial services, retail, manufacturing and property.

She sits on the board of directors of both listed and unlisted companies including three ASX 200 companies, being Suncorp Group Limited, Premier Investments Limited and Breville Group Limited. She is also on the Board of Irongate Funds Management Limited as Responsible Entity for Irongate Property Fund I and Irongate Property Fund II.

Her executive career in Australia and the USA includes 16 years with the Westpac Group, running major business units in most operating divisions of the Group, notably in the wealth management and retail banking divisions. Prior to Westpac, Sally worked at Macquarie Bank in the Capital Markets and Private Banking divisions.

Sally holds a Bachelor of Arts from University of NSW.

Member of:
People, Nomination and Remuneration Committee

JOSEPHINE LINDEN

Josephine Linden has been a director of E&P Financial Group Limited since March 2018.

Josephine 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 twenty-five years.

Josephine serves on public, non-profit and family boards. She is the Chairman of Lands' End, Director of Trine II and Ambassador Emeritus of Advance.

She was 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. Josephine has recently stepped down from being Trustee for the Collegiate School, and still serves on the Investment Committee. She is a member of the Council on Foreign Relations and the Trilateral Commission.

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 has created a fellowship for her alma mater, Kambala Girls school in Sydney, Australia. Each year a young graduate with interest in Finance spends three months with Josephine and her team.

Josephine received an MBA from University of Chicago and a BA from the University of Sydney.

Chairman of:
People, Nomination and Remuneration Committee

Member of:
Audit, Risk and Compliance Committee

KEVIN MCCANN

Kevin McCann has been a director of E&P Financial Group Limited since February 2020.

Kevin has extensive board experience with some of Australia's most recognised companies. He is the current Chairman of Telix Pharmaceuticals 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.

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.

Member of:
Audit, Risk and Compliance Committee

ANTHONY PASCOE

Anthony Pascoe has been a director of E&P Financial Group Limited since July 2020.

Anthony 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. More recently, he built up and sold a technology enabled services business to an ASX listed acquiror following a successful recapitalisation and growth strategy which he initiated.

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 PREVIOUS DIRECTORS

ALAN DIXON

Alan Dixon had been a director of E&P Financial Group Limited 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.

INFORMATION ON CURRENT COMPANY SECRETARY

PAUL RYAN

Paul Ryan has been Company Secretary and Chief Financial Officer of E&P Financial Group since February 2020.

He brings significant executive and leadership experience to his role. Paul has a deep understanding of the Group, having held multiple roles since joining in 2008, including five years as Chief Executive Officer of Evans and Partners where he was responsible for strategy, finance, risk, compliance and operations.

Directors' report *(cont.)*

During a career spanning more than 20 years in financial services, Paul has managed teams across private wealth, funds management, capital markets and investment research, having previously been a top-rated research analyst over a decade at Goldman Sachs JBWere.

In addition to holding a Bachelor of Arts and Bachelor of Laws (First Class Honours) from the University of Melbourne, Paul is a Graduate Member of the Australian Institute of Company Directors and completed and the International Executive Program at INSEAD in 2010, after being awarded FINSIA's Hugh D.T. Williamson Scholarship.

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 & REMUNERATION COMMITTEE		AUDIT, RISK & COMPLIANCE COMMITTEE	
	A	H	A	H	A	H
David Evans	24*	24	5	5	#	#
Sally Herman	24*	24	5	5	7	7
Josephine Linden	20	21	5	5	#	#
Kevin McCann	21	21	5	5	7	7
Anthony Pascoe	21	21	#	#	6	7
Alan Dixon (resigned 2 July 2020)	-	-	-	-	-	-

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.

* – Includes sub-committee meetings.

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 $18.8 million (2020: loss of $30.5 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 2021.

DIVIDENDS

Fully franked dividends of $4.7 million (2020: $12.9 million) were declared or paid to shareholders during the year as follows:

- 2.0 cents per share paid on 15 April 2021 amounting to $4.7 million.

SUBSEQUENT EVENTS

On 1 July 2021, the Group entered into a premium financing agreement in the amount of $5.29 million, for the purposes of funding upfront premiums due in respect of Group insurance policies.

On 9 July 2021, the Group announced that its wholly owned subsidiary, Dixon Advisory & Superannuation Services Pty Ltd (**DASS**), had entered into a conditional Heads of Agreement with ASIC to resolve the legal proceedings commenced by ASIC against DASS in the Federal Court of Australia on 4 September 2020. Under the heads of agreement, DASS agrees to pay to Commonwealth a pecuniary penalty of $7.2 million and ASIC's legal costs of its investigation and the legal proceedings agreed at $1.0 million.

As at reporting date, the finalisation of legal documentation with ASIC prior to seeking Federal Court approval is ongoing as contemplated in the Heads of Agreement. As agreed with ASIC, DASS's legal representatives submitted final admissions schedules to ASIC and ASIC has until 25 August 2021 to notify DASS if it does not agree with those schedules.

In September 2020, a Statement of Claim was filed with the Supreme Court of NSW whereby the plaintiffs alleged that DASS contravened sections of the *Corporations Act 2001 (Cth)*, did not comply with its contractual duty to provide financial advice services with reasonable care and skill and breached a duty of care owed to the plaintiffs. DASS was served with this Statement of Claim in February 2021. Commencing in April 2021, the plaintiffs and DASS engaged in settlement negotiations in relation to this matter. On 26 July 2021, a counteroffer was made by DASS which was accepted by the plaintiffs on 9 August 2021. Accordingly, a deed of settlement is currently being drafted as at the reporting date. As such, relevant provisions and insurance receivable assets have been recognised in the year ended 30 June 2021 accounts as a reliable and quantifiable estimate relating to the resolution of this matter became probable prior to 30 June 2021.

The Group notes recent developments since the end of the financial year in relation to the COVID-19 pandemic, particularly in NSW, Victoria, ACT, Queensland and South Australia, and related actions taken by respective state governments (including the imposition of lockdowns and other government mandated restrictions).

Whilst the COVID-19 pandemic to date has not significantly impacted the operations of the Group (refer to "Year in Review" for further details), as at the reporting date a definitive assessment of the future effects of these restrictions (and COVID-19 more generally) on the Group cannot be made.

No other matters or circumstances have arisen since 30 June 2021 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.

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 (including Independence Standards)* 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 49.

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,

David Evans
Director

Sally Herman
Director

Dated: 24 August 2021

Directors' report: Remuneration report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of E&P Financial Group Limited's key management personnel for the year ended 30 June 2021. 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
- Remuneration of Executive KMP
- Remuneration of Executive KMP – Executive Chairman
- Remuneration of Executive KMP – Chief Executive Officer
- Remuneration of Executive KMP – Chief Financial Officer
- Remuneration of Executive KMP – Chief Risk Officer
- Details of KMP remuneration
- Key terms of employment contracts – Executive KMP
- KMP equity holdings
- Other transactions with KMP

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 2020 – 30 June 2021
Sally Herman	Non-Executive Director	1 July 2020 – 30 June 2021
Josephine Linden	Non-Executive Director	1 July 2020 – 30 June 2021
Kevin McCann	Non-Executive Director	1 July 2020 – 30 June 2021
Anthony Pascoe	Non-Executive Director	2 July 2020 – 11 November 2020 18 November 2020 - 30 June 2021
Alan Dixon	Non-Executive Director	1 July 2020 – 2 July 2020
Peter Anderson	Group Chief Executive Officer	1 July 2020 – 30 June 2021
Paul Ryan	Group Chief Financial Officer	1 July 2020 – 30 June 2021
Francis Araullo	Group Chief Risk Officer	9 June 2021 – 30 June 2021
James Wincott	Group Chief Risk Officer	1 July 2020 – 8 June 2021

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 approved by the Board, and which is responsible for reviewing compensation arrangements for the directors and executive management team and recommending these for approval by the Board. The PNRC monitors people, remuneration practices and performance to ensure good governance, risk management, equal employment opportunity and diversity. In doing so it takes into account the best interests of the Group as well as those 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 growth and success;
- demonstrate a clear connection between the Group's overall performance and the contribution and behaviours of executives; and
- motivate compliance with all relevant legal and regulatory provisions as well as the Code of Conduct of the Group and other relevant policies.

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, the financial performance of the Group and role-specific Key Performance Indicators (**KPIs**). The Board and PNRC take into account competitive remuneration including the market for talented executives in the financial services sector. The Executive Chairman's remuneration level, including annual bonus outcome, is recommended by the PNRC and submitted to the Board for approval. The Chief Executive Officer's remuneration level, including annual bonus outcome, is recommended by the Executive Chairman, considered by the PNRC and submitted to the Board for approval. The other Executive KMP and Senior Executives remuneration levels, including annual bonus outcomes, are recommended by the Chief Executive Officer, considered by the PNRC and submitted to the Board for approval. Non-executive Directors receive a fixed fee.

The company's annual financial performance for the current and past financial year is detailed in the Annual Report. During that period the Group has undergone a restructure to address a considerable number of significant issues. This commenced with the Board's decision to appoint a new CEO and management team who have diligently implemented necessary business model changes and governance enhancements with the Board's oversight and approval to stabilise the business and form a platform from which to grow in the medium term. Other challenges which have impacted the Group's financial performance include regulatory investigations and proceedings related to legacy issues, a hostile takeover offer, extremely difficult insurance market conditions and a highly competitive market for investment banking talent.

Directors' report: Remuneration report *(cont.)*

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

GROUP PERFORMANCE	FY21	FY20	FY19
Net revenue ($ million)	187.9	191.8	212.1
EBITDA ($ million)[1]	10.5	34.4	35.1
Statutory NPAT ($ million)	(18.8)	(30.5)	16.8
Statutory EPS (cents per share)	(8.3)	(13.6)	7.5
Segment EBITDA ($ million)[2]	28.0	37.2	37.1
Segment NPATA ($ million)[2]	7.2	13.3	21.8
Share price at end of year	$0.735	$0.535	$0.800
Dividends declared (cents per share)[3]	2.0	2.5	8.0
Key management personnel remuneration ($ million)	5.1	4.8	2.7

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. These fees have not been increased since the Group's IPO in 2018.

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.

Notes:

1 EBITDA is not an IFRS measure but has been presented to provide a comparable measure to the Segment EBITDA result. Please see note 4 within the Annual Financial Report for further details.

2 Please see note 4 within the Annual Financial Report for further details.

3 Franked at 100% at 30% corporate income tax rate.

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, Peter Anderson and Paul Ryan for the 1 July 2020 to 30 June 2021 year with Francis Araullo and James Wincott also considered Executive KMP for the aforementioned certain periods of the 1 July 2020 to 30 June 2021 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, with the Chief Executive Officer and Chief Financial Officer also offered the opportunity to participate in the previously established options/rights plan (**ORP**).

During the year the Chief Executive Officer and Chief Financial Officer were offered the opportunity to participate in the October 2020 issue of the 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.

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 (noting the impact on this metric of the Board’s decision in December 2020 to suspend the ORP for employees other than Executive KMP), as well as the performance of each Executive KMP appropriately weighted to ensure shared accountability against financial and non-financial measures.

REMUNERATION OF EXECUTIVE KEY MANAGEMENT PERSONNEL – EXECUTIVE CHAIRMAN

As foreshadowed in the 2020 annual report and at the instigation of David Evans, the company announced on 1 October 2020 that it had agreed to vary his employment contract to remove the previous entitlement to any fixed bonus (which had been waived by David in respect of the years ending 30 June 2019 and 2020). Instead, for the years ended 30 June 2021 and 2022 David became eligible to participate in the company’s bonus scheme up to a maximum of 100% of his total fixed remuneration, with payment of any bonus at the absolute discretion of the Non-Executive Directors and subject to achieving key performance metrics as determined by the Board. At the conclusion of the year ended 30 June 2021, notwithstanding his performance against the metrics set by the Board, David elected to waive any discretionary bonus.

REMUNERATION OF EXECUTIVE KEY MANAGEMENT PERSONNEL – CHIEF EXECUTIVE OFFICER

Peter Anderson was recruited in July 2019 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 2021 were:

1. financial performance against FY21 Board approved budget;
2. implementation and delivery of outcomes against the full Board approved Argenti strategic plan;
3. adherence to, and promotion of, the company's values; and
4. specific KPIs covering areas including regulatory matters, financial stability and liquidity of real asset funds, employee performance and talent management programs, groupwide ESG plan and staff retention.

The Board acknowledged that in assessing Peter's performance for the year ending 30 June 2021, factors that needed to be considered included:

1. financial performance was impacted by implementation of necessary business model changes, the Board's decision in December 2020 to suspend the ORP for all employees except KMP and negotiating issues affecting the Group;
2. build out of the management team to ensure appropriate capability, including the recruitment of a Chief Risk Officer;
3. the defence against the hostile, inadequate and ultimately unsuccessful takeover offer for EP1 by 360 Capital; and
4. proceedings filed by ASIC in the Federal Court against DASS, which have been settled (subject to Court approval of the terms).

In summary then, the year ending 30 June 2021 for the Group was one of stabilisation, forming a strategic framework and platform from which to grow. The Board measured Peter's performance weighted towards stabilising the business and delivery of the Argenti strategic plan.

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

- short-term incentive in the form a $840,000 cash bonus, equating to 70% of his total fixed remuneration 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 $650,000, equating to 54.2% of his total fixed remuneration compared to the target of up to 70%.

REMUNERATION OF EXECUTIVE KEY MANAGEMENT PERSONNEL – CHIEF FINANCIAL OFFICER

Paul Ryan commenced as Chief Financial Officer on 1 February 2020. Paul's KPIs for the year ending 30 June 2021 were:

1. financial performance against FY21 Board approved budget;
2. implementation and delivery of outcomes against financial and operational aspects of the Board approved Argenti strategic plan;
3. adherence to, and promotion of, the company's values; and
4. specific KPIs covering areas including insurance coverage, banking facilities, monetisation of financial investments, IT projects, cyber defence programs, core wealth platform review, premises rationalisation, divisional ESG plan, governance enhancements and staff retention.

Taking into consideration his performance against KPIs, the Board approved Paul being awarded a total discretionary bonus of $400,000, equating to 88.9% of his total fixed remuneration compared to a minimum of 50% and maximum of 100%. Consistent with the terms of Paul's employment contract, 70% of this award will be in cash with the remaining 30% in the form of an opportunity to participate in the ORP.

REMUNERATION OF EXECUTIVE KEY MANAGEMENT PERSONNEL - CHIEF RISK OFFICER

James Wincott resigned as Chief Risk Officer on 8 June 2021 and consequently was not eligible to receive a discretionary bonus. Francis Araullo commenced as Chief Risk Officer on 9 June 2021. Given Francis commenced his role in the final month 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 2021 in relation to Francis.

For the next financial year ending 30 June 2022, the Chief Executive Officer and the People, Nomination and Remuneration Committee will have in place a comprehensive set of agreed KPIs for Francis in order to assess his individual performance against relevant metrics and to determine the appropriate level of discretionary entitlements, to be approved by the Board, as per his employment contract.

DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION

30 JUNE 2021	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS	LONG TERM EMPLOYEE BENEFITS	SHARE BASED PAYMENTS	TOTAL
	SALARIES AND FEES $	CASH BONUSES $	OTHER $	SUPER-ANNUATION $	LONG SERVICE LEAVE $	OPTIONS & RIGHTS $	$
Executive KMP							
David Evans	538,310	-	(43,921)	21,694	(6,410)	-	509,673
Peter Anderson[1]	1,178,318	840,000	5,016	21,694	11,174	267,614	2,323,816
Paul Ryan[2]	428,310	281,885	4,842	21,694	8,018	25,487	770,236
Francis Araullo[3]	21,289	12,055	2,362	407	4,947	2,642	43,702
James Wincott[4]	409,847	-	209,778	21,694	(8)	-	641,311
Non-Executive KMP							
Sally Herman[5]	182,648	-	-	17,352	-	-	200,000
Josephine Linden[6]	200,000	-	-	-	-	-	200,000
Kevin McCann[7]	182,648	-	-	17,352	-	-	200,000
Anthony Pascoe[8]	179,138	-	-	17,018	-	-	196,156
Alan Dixon[9]	-	-	-	-	-	-	-
Total for the year ended 30 June 2021	**3,320,508**	**1,133,940**	**178,077**	**138,905**	**17,721**	**295,743**	**5,084,894**

The table below provides the relative proportion of 2021 Executive KMP remuneration (for the period the individual was considered an Executive KMP), including bonuses:

EXECUTIVE KMP	FIXED	VARIABLE
David Evans	100%	0%
Peter Anderson	52%	48%
Paul Ryan	60%	40%
Francis Araullo	66%	34%
James Wincott	100%	0%

Notes:

1 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 2021) to the equivalent value of $650,000.

2 Paul Ryan has the opportunity to participate in the next issue of Share rights (expected to be in October 2021) to the equivalent value of $120,000.

3 On 9 June 2021, Francis Araullo was appointed Chief Risk Officer and as such was considered an Executive KMP for the period 9 June 2021 to 30 June 2021.

4 On 8 June 2021, James Wincott resigned as Chief Risk Officer and as such was considered an Executive KMP for the period 1 July 2020 to 8 June 2021. A termination payment of $214,153 is included within "other".

5 Sally Herman received $200,000 for her role as Independent Non-Executive Director and sitting committee member of: People, Nomination and Remuneration Committee; and Chair of: Audit, Risk and Compliance Committee.

6 Josephine Linden received $200,000 for her role as Independent Non-Executive Director and sitting committee member of: People, Nomination and Remuneration Committee.

7 Kevin McCann received $200,000 for his role as Independent Non-Executive Director and Chair of: People, Nomination and Remuneration Committee; and sitting committee member of: Audit, Risk and Compliance Committee.

8 On 2 July 2020, Anthony Pascoe was appointed Non-Executive Director. Anthony resigned from this position on 11 November 2020, before being re-appointed on 18 November 2020. As such Anthony was considered a Non-Executive KMP for the periods 2 July 2020 to 11 November 2020 and 18 November 2020 to 30 June 2021. For the aforementioned period, Anthony received $196,156 for his role as Independent Non-Executive Director and sitting committee member of: Audit, Risk and Compliance Committee.

9 On 2 July 2020, Alan Dixon retired as Non-Executive Director and as such was considered a Non-Executive KMP for the period 1 July 2020 to 2 July 2020.

Directors’ report: Remuneration report *(cont.)*

30 JUNE 2020	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS	LONG TERM EMPLOYEE BENEFITS	TOTAL
	SALARIES AND FEES $	BONUSES $	OTHER $	SUPER-ANNUATION $	LONG SERVICE LEAVE $	$
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.

SHARE BASED PAYMENTS

As part of their LTI's Peter Anderson and Paul Ryan were awarded share options as part of the Group's Share options/rights plan (**ORP**) during the year ended 30 June 2021. Refer to note 33 for details of the Group's ORP.

No other Executive or Non-Executive KMPs were awarded share options as part of the Group's ORP during the year ended 30 June 2021 (for the period they were a KMP).

The number of share options granted was endorsed by the PNRC and approved by the Board, taking into account Peter and Paul's performance against KPIs with reference to the predetermined LTI target ranges for their respective roles

Details of the share options granted during the year to key management personnel are detailed below[1]:

	PETER ANDERSON			PAUL RYAN		
ORP	TRANCHE G	TRANCHE H	TRANCHE I	TRANCHE G	TRANCHE H	TRANCHE I
Number of rights	395,108	395,108	395,108	37,629	37,629	37,630
Grant date	15-Oct-20	15-Oct-20	15-Oct-20	15-Oct-20	15-Oct-20	15-Oct-20
Vesting date	15-Oct-21	15-Oct-22	15-Oct-23	15-Oct-21	15-Oct-22	15-Oct-23
Exercise Expiry Date	15-Oct-27	15-Oct-27	15-Oct-27	15-Oct-27	15-Oct-27	15-Oct-27
Market value of shares at grant date	$0.5315	$0.5315	$0.5315	$0.5315	$0.5315	$0.5315

The value of share option rights issued on 15 October 2020 in relation to Peter Anderson was $630,000 and in relation to Paul Ryan was $60,000. This was determined by the Board as disclosed in the 30 June 2020 remuneration report after assessing Peter and Paul's service conditions and performance criteria for the year ended 30 June 2020.

During the financial year (since the grant date of 15 October 2020), there has been no alteration of the terms and conditions of the above share-based payment arrangements. Share option rights will vest in future periods as per the dates included in the above table as per the conditions of the ORP.

During the financial year (since the grant date of 15 October 2020), none of the above share option rights granted to Peter Anderson and Paul Ryan either vested, were exercised or were forfeited/lapsed.

Note:

1 Share options granted during the year to Francis Araullo were prior to his classification 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 2021 are as follows:

EXECUTIVE CHAIRMAN

A controlled entity of the Company, E&P Operations Pty Limited (**E&P Ops**), has entered into a contract of employment with David Evans to govern his employment with the Group as Executive Chairman. Key provisions of the contract of employment are as follows:

- total salary compensation of $560,000 per annum (including superannuation entitlements), with an initial term of two years (1 July 2020 to 30 June 2022), to be reviewed at the end of this period;
- the ability to participate in any of the Group’s short-term incentive (**STI**) arrangements with a target of up to 100% of total fixed remuneration;
- at any time, a right for either E&P Ops or the Executive Chairman to terminate the Executive Chairman’s employment by giving three months’ written notice;
- a right for E&P Ops to terminate the Executive Chairman’s employment immediately without notice if it considers that he has engaged in serious misconduct;
- non-compete and non-solicitation restraints which operate for three and twelve months respectively from termination of his contract; 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.

CHIEF EXECUTIVE OFFICER

A controlled entity of the Company, E&P 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 E&P Ops or the CEO to terminate the CEO’s employment by giving 12 months’ written notice;
- a right for E&P Ops to terminate the CEO’s employment immediately without notice if it considers that he has engaged in serious misconduct;
- non-compete and non-solicitation restraints which operate for six months from termination of his contract; and
- six weeks annual leave per year as well as other customary leave entitlements.

CHIEF FINANCIAL OFFICER

A controlled entity of the Company, E&P 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 E&P 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;
- 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 E&P Ops or the CFO to terminate the CFO's employment by giving six months' written notice;
- a right for E&P Ops to terminate the CFO's employment immediately without notice if it considers that he has engaged in serious misconduct;
- non-compete restraint during the term of his contract and non-solicitation restraint which operates for twelve months from termination of his contract, less any period of gardening leave; and
- four weeks annual leave per annum as well as other customary leave entitlements.

CHIEF RISK OFFICER

A controlled entity of the Company, E&P Ops, has entered into a contract of employment with Francis Araullo 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 $375,000 per annum (including superannuation entitlements);
- the ability to participate in E&P Ops's bonus schemes applicable to the CRO which, subject to achieving agreed performance metrics, represents up to $250,000 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 E&P Ops or the CRO to terminate the CRO's employment by giving three months' written notice;
- a right for E&P Ops to terminate the CRO's employment immediately without notice if it considers that he has engaged in serious misconduct;
- non-compete and non-solicitation restraints which operate for three and twelve months respectively from termination of his contract; and
- four weeks annual leave per annum as well as other customary leave entitlements.

KMP EQUITY HOLDINGS

The following table sets out each continuing KMP's interest or that of related parties in equity instruments in the Company as at 30 June 2021:

	EQUITY INSTRUMENT	BALANCE AS AT 1 JULY 2020	PURCHASED OR GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	SOLD OR LAPSED DURING THE YEAR	BALANCE AS AT 30 JUNE 2021
David Evans	Ordinary shares	15,812,393	-	-	-	15,812,393
	Share rights	-	-	-	-	-
	Loan funded shares	-	-	-	-	-
Peter Anderson	Ordinary shares	-	-	-	-	-
	Share rights	-	1,185,324	-	-	1,185,324
	Loan funded shares	-	-	-	-	-
Paul Ryan	Ordinary shares	1,904,261	-	-	-	1,904,261
	Share rights	-	112,888	-	-	112,888
	Loan funded shares	-	-	-	-	-
Francis Araullo[1]	Ordinary shares	6,679	-	8,829	(8,829)	6,679
	Share rights	26,488	79,021	(8,829)	-	96,680
	Loan funded shares	126,365	-	-	-	126,365
Sally Herman	Ordinary shares	170,276			-	170,276
	Share rights	-	-	-	-	-
	Loan funded shares	-	-	-	-	-
Josephine Linden	Ordinary shares	-	-	-	-	-
	Share rights	-	-	-	-	-
	Loan funded shares	-	-	-	-	-
Kevin McCann	Ordinary shares	305,651	-	-	-	305,651
	Share rights	-	-	-	-	-
	Loan funded shares	-	-	-	-	-
Anthony Pascoe	Ordinary shares	-	-	-	-	-
	Share rights	-	-	-	-	-
	Loan funded shares	-	-	-	-	-

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 $87,000 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. The agreement came to an end in May 2021 and all amounts owing have been paid.

During the financial year, KMP were charged for various services by the Group including international equities managed discretionary account services, funds under advice and brokerage totalling $359,946.

Note:

1 Francis Araullo holds 126,365 loan funded shares which were granted before he became a KMP. Francis also holds 96,680 share rights (including the 79,021 share rights granted during the year) which were granted before he became a KMP.

Auditor's independence declaration

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The Board of Directors
E&P Financial Group Limited
Level 15 100 Pacific Highway
North Sydney NSW 2060
Australia

24 August 2021

Dear Board Members

Auditor's Independence Declaration to E&P Financial Group 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 E&P Financial Group Limited.

As lead audit partner for the audit of the financial report of E&P Financial Group Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Tara Hill
Partner
Chartered Accountants

Financial report – contents

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 $'000	2020 $'000
Revenue			
Provision of services	5	187,260	203,174
Interest		223	198
Share of profits of associates and jointly controlled entities		8,293	4,591
Government stimulus grant (USA)		889	1,325
Gain on leases and investments		1,421	-
Other income		1,408	2,251
Total revenue		**199,494**	**211,539**
Expenses			
Employee benefits	6	(126,208)	(119,753)
Property design, renovation and maintenance	6	(945)	(7,093)
Administrative expense		(14,743)	(13,512)
Occupancy		(1,244)	(1,246)
Depreciation and amortisation	6	(15,530)	(19,016)
Impairment of plant, equipment and right of use assets		(1,465)	(3,565)
Impairment of goodwill, intangible assets and investments	6	(11,193)	(38,651)
Information technology		(9,847)	(9,803)
Rebates and commissions		(5,726)	(10,312)
Travel and accommodation		(161)	(779)
Finance costs	7	(1,574)	(2,004)
Commonwealth penalties and related costs, net of insurance	6	(9,265)	-
Other regulatory proceedings and related costs, net of insurance	6	(4,421)	-
Fair value loss on investments		(2,398)	-
Acquisition loss of investments		(1,830)	-
Other expenses		(10,984)	(14,404)
Total expenses		**(217,534)**	**(240,138)**
Loss before income tax expense		**(18,040)**	**(28,599)**
Income tax expense	9	(795)	(1,894)
Loss for the year		**(18,835)**	**(30,493)**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(438)	265
Items that will not be reclassified subsequently to profit or loss			
Fair value loss on financial assets measured at FVTOCI		(645)	(487)
		(1,083)	(222)
Total comprehensive loss for the year		**(19,918)**	**(30,715)**
Loss per share			
Basic (cents per share)	10	(8.3)	(13.6)
Diluted (cents per share)	10	(8.1)	(13.4)

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 2021

	NOTES	2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	12	50,752	37,635
Trade and other receivables	14	23,839	18,604
Assets classified as held for sale	18	6,750	10,409
Current tax assets	9	2,890	556
Finance lease receivables	23	746	-
Prepayments		1,828	1,816
Deposits	13	5,760	-
Total current assets		**92,565**	**69,020**
Non-current assets			
Investments accounted for using the equity method	15	22,611	22,960
Investments in financial assets	18	2,698	10,544
Property, plant and equipment	19	10,313	10,493
Goodwill and other indefinite life intangible assets	20	95,062	106,255
Finite life intangible assets	21	11,451	14,043
Right of use assets	22	23,506	31,278
Deposits		4,084	5,101
Prepayments		421	559
Finance lease receivable	23	3,197	-
Deferred tax assets	9	2,594	100
Total non-current assets		**175,937**	**201,333**
Total assets		**268,502**	**270,353**
Liabilities			
Current liabilities			
Trade and other payables	24	10,946	12,877
Contract liabilities	25	8,213	9,748
Provisions	26	54,575	28,492
Lease liabilities	27	7,347	9,110
Total current liabilities		**81,081**	**60,227**
Non-current liabilities			
Provisions	26	3,760	4,157
Lease liabilities	27	25,871	28,031
Total non-current liabilities		**29,631**	**32,188**
Total liabilities		**110,712**	**92,415**
Net assets		**157,790**	**177,938**
Equity			
Share capital	28	322,090	322,424
Reorganisation reserve	29	(135,099)	(135,099)
Investment revaluation reserve	30	(246)	(112)
Foreign currency translation reserve	31	3,681	3,890
Share based payments reserve	32	8,306	3,589
Accumulated losses	34	(40,942)	(16,754)
Total equity		**157,790**	**177,938**

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 2021

	SHARE CAPITAL $'000	RE-ORGANISATION RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	INVESTMENT REVALUATION RESERVE $'000	(ACCUMULATED LOSSES)/ RETAINED PROFITS $'000	TOTAL EQUITY $'000
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**
Balance at 1 July 2020	322,424	(135,099)	3,890	3,589	(112)	(16,754)	177,938
Loss after income tax expense for the year	-	-	-	-	-	(18,835)	(18,835)
Other comprehensive loss for the year, net of tax	-	-	(438)	-	(645)	-	(1,083)
Total comprehensive loss for the year	**-**	**-**	**(438)**	**-**	**(645)**	**(18,835)**	**(19,918)**
Transactions with owners in their capacity as owners:							
Treasury shares acquired	(334)	-	-	-	-	-	(334)
Equity-settled share-based payments	-	-	-	4,717	-	-	4,717
Dividends paid	-	-	-	-	-	(4,613)	(4,613)
Transfer of other comprehensive income from foreign currency translation reserve to accumulated losses	-	-	229	-	-	(229)	-
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses	-	-	-	-	511	(511)	-
Balance at 30 June 2021	**322,090**	**(135,099)**	**3,681**	**8,306**	**(246)**	**(40,942)**	**157,790**

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 2021

	NOTES	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		201,965	221,177
Payments to suppliers and employees		(175,514)	(190,976)
Interest received		18	186
Interest paid		(90)	(358)
Income and other taxes paid		(6,865)	(6,258)
Income and other tax refund received		1,520	4,734
Proceeds from US Government grant (PPP)		-	2,292
Net cash generated by operating activities	39	**21,034**	**30,797**
Cash flows from investing activities			
Payments for investments in jointly controlled entities		(2,988)	(3,084)
Purchase of property, plant and equipment		(1,533)	(2,241)
Proceeds from sale of property, plant and equipment		-	83
Purchase/development costs of intangible assets (software)		(2,333)	(2,260)
Proceeds on sale of investment property		-	1,325
Purchase of financial assets		(3,182)	(2,531)
Proceeds on sale of financial assets		15,789	3,647
Dividends received from jointly controlled entities and investments		6,042	1,814
Net cash generated by/(used in) investing activities		**11,795**	**(3,247)**
Cash flows from financing activities			
Proceeds from borrowings		5,280	-
Repayment of borrowings		(5,280)	(15,000)
Payments of transaction costs relating to borrowings		(16)	(187)
Net payments of lease liabilities		(9,550)	(9,654)
Proceeds from finance lease		244	-
Proceeds of lease incentive		118	1,809
Dividends paid		(4,613)	(12,208)
Purchase of treasury shares		(334)	-
Payment for short-term deposits		(5,332)	-
Net cash used in financing activities		**(19,483)**	**(35,240)**
Net increase/(decrease) in cash and cash equivalents		13,346	(7,690)
Cash and cash equivalents at beginning of year		37,635	45,252
Effect of exchange rate fluctuations on cash held		(229)	73
Cash and cash equivalents at end of year	12	**50,752**	**37,635**

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

Notes to the consolidated financial statements

1. GENERAL INFORMATION

E&P Financial Group 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, E&P Financial Group 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 24th August 2021.

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.

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:

Notes to the consolidated financial statements *(cont.)*

- 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.

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;
- 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. 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.

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, and one subsidiary in HK 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.)*

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.

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% - 40%
Motor vehicles	19% - 25%
Computer equipment	25% - 50%
Leasehold improvements	10% - 35%

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.

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.

The amortisation rate used for internally-generated computer software is 25%.

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).

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.

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.

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: 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.

LEASES

THE GROUP AS LESSEE

The Group recognises a right of use asset and a lease liability at the lease commencement date in the consolidated statement of financial position, except for short-term leases and leases of low value assets.

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 average depreciation period for the right of use assets is 2.4 years.

Notes to the consolidated financial statements *(cont.)*

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 or 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 remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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.

THE GROUP AS LESSOR

The Group has entered into lease agreements as a lessor with respect to its previously used office premises at 140 Broadway, New York, USA. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Notes to the consolidated financial statements *(cont.)*

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group reviews the estimated unguaranteed residual value and applies the impairment requirements of *AASB 9*, recognising an allowance for expected credit losses on the lease receivables. Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

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.

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.

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.

TAXATION

The Australian entities within the Group form a tax-consolidated group under Australian taxation law, of which E&P Financial Group 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. 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).

During the year ended 30 June 2021, the Group raised the below provisions:

- Future settlements of open cases at 30 June 2021 with the external dispute resolution body - the Australian Financial Complaints Authority (**AFCA**). An estimate of future settlements as a result of past events was recognised. The provision has been estimated by projecting the potential resolution outcomes based on historical case outcomes and probability weighting each applicable resolution scenario outcome for each open case at the external dispute resolution stage as at 30 June 2021.
- Future settlement relating to Commonwealth penalty in relation to the ASIC proceedings. As at 30 June 2021 it was probable that a measurable outflow of economic resources will be required to settle the obligation. On 9 July 2021, Group announced to the ASX that it had signed a conditional Heads of Agreement with ASIC to settle a litigation on terms that were in line with the ASIC offer. In light of this development, Group has recognised a provision in respect of this penalty and also provided for ASIC’s legal costs.
- Where the Group is subject to other open litigation matters and it is probable that a measurable outflow of economic resources will be required to settle an obligation, a provision is estimated. As at 30 June 2021, the Group has recognised a provision in respect of a further litigation matter and has provided for estimated net settlement and plaintiff legal costs.

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;

Notes to the consolidated financial statements *(cont.)*

- **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 (ie 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 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.

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 33.

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 or 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.)*

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 last financial year, 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, $0.7 million USD ($0.9 million AUD equivalent) has been recognised in the consolidated statement of profit or loss and other comprehensive income in the current financial year.

RECOGNITION OF INSURANCE PROCEEDS

During the year ended 30 June 2021, the Group has received proceeds from insurers in relation to legal costs incurred relating to external dispute resolutions.

In addition, the Group has recorded insurance proceeds that are virtually certain to be received in the future in relation to legal costs incurred relating to external dispute resolutions, legal costs incurred relating to defending Commonwealth (**ASIC**) proceedings and settlements of external dispute resolutions.

Insurance income received (or receivable) associated with these matters has been netted against the accompanying expenses incurred in the consolidated statement of profit or loss and other comprehensive income. Also refer to Note 6 for further detail on this matter.

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 2020.

- *AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*
- *AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework*
- *AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the effect of new IFRS standards not yet issued in Australia*
- *AASB 2020-4 Amendments to Australian Accounting Standards - Covid-19- Related Rent Concessions*

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. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 July 2021 are not expected to be material to the Group. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 July 2022 are yet to be determined.

STANDARD / INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and *AASB 2020-6 Amendments to Australian Accounting Standards* – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date	1 January 2023	30 June 2024
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, *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

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);
- estimates inherent in calculating share-based payments expense associated with the expected probability of staff remaining employed until the vesting date of the relevant tranche issued; and
- estimates inherent in recognition of future settlement provisions and any related insurance receivable asset (refer (iv) and (v) 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 $95.1 million at balance date, 2020: $106.3 million), 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).

Software, customer relationships, contracts in progress and restraint payment assets (total carrying value $11.5 million at balance date, 2020: $14.0 million), 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.

(IV) INSURANCE RECEIVABLE ASSET

Insurance recoveries are recognised only when it is determined that the Group has insurance cover for the incident and a claim will be settled by the insurer. Judgement has been applied in determining the recognition of insurance receivable asset in relation to those specific claims and costs that will be fully or partially covered by the insurance.

(V) PROVISIONS

Provisions are held in respect of a range of future obligations and claims, some of which involve significant judgement about the likely outcome of various events and estimated future cash flows. The provision has been estimated by projecting the potential resolution outcomes based on historical case outcomes and probability weighting each applicable resolution scenario outcome for each open case at the external dispute resolution stage as at 30 June 2021.

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:

- E&P Wealth (formerly Wealth Advice)
- E&P Capital (formerly E&P)
- E&P Funds (formerly Funds Management)

E&P Wealth 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 Capital 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.

E&P Funds 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.

Notes to the consolidated financial statements *(cont.)*

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

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

OPERATING SEGMENT NOTE YEAR ENDED 30 JUNE 2021	NOTES	E&P WEALTH $'000	E&P CAPITAL $'000	E&P FUNDS $'000	CORPORATE UNALLOCATED $'000	TOTAL $'000
Revenue						
Provision of services		88,058	59,053	40,149	-	187,260
Recognised as follows:						
Over time		*67,085*	*3,047*	*38,991*	-	*109,123*
At a point in time		*20,973*	*56,006*	*1,158*	-	*78,137*
Share of profits of associates and jointly controlled entities		10	-	8,283	-	8,293
Other income		172	(23)	676	-	825
Fair value loss on held for sale assets		-	-	(1,098)	-	(1,098)
Total revenue	4A	**88,240**	**59,030**	**48,010**	-	**195,280**
Total cost of sales		(4,365)	(1,609)	(1,359)	-	(7,333)
Net revenue		**83,875**	**57,421**	**46,651**	-	**187,947**
Direct expenses		(56,556)	(30,748)	(31,990)	-	(119,294)
Overhead expenses		(5,466)	(2,825)	(2,263)	-	(10,554)
Allocated staff expenses		(6,657)	(9,672)	(2,845)	-	(19,174)
Unallocated group staff expenses		-	-	-	(6,660)	(6,660)
Unallocated group other expenses		-	-	-	(4,257)	(4,257)
Segment EBITDA		**15,196**	**14,176**	**9,553**	**(10,917)**	**28,008**
Less: segment adjustments before tax	4B	(13,144)	-	436	(4,778)	(17,486)
EBITDA		**2,052**	**14,176**	**9,989**	**(15,695)**	**10,522**
Depreciation and amortisation expense	4C	-	-	-	(4,178)	(4,178)
Amortisation of acquired intangibles		-	-	-	(2,509)	(2,509)
Right-of-use asset depreciation		(3,755)	(1,031)	(1,166)	(1,914)	(7,866)
Impairment of property, plant and equipment		-	-	-	(1,465)	(1,465)
Impairment of goodwill, intangible assets and investments		(11,193)	-	-	-	(11,193)
EBIT		**(12,896)**	**13,145**	**8,823**	**(25,761)**	**(16,689)**
Interest revenue		-	-	205	18	223
Finance costs		(656)	(180)	(299)	(439)	(1,574)
Profit/(Loss) before tax		**(13,552)**	**12,965**	**8,729**	**(26,182)**	**(18,040)**
Income tax expense						(795)
Net loss after taxation						**(18,835)**
Add: segment adjustments after tax	4B					26,084
Segment NPATA						**7,249**

Glossary

EBIT is defined as earnings before interest and tax; EBITDA is defined as earnings before interest, tax, depreciation and amortisation; and NPATA is defined as net profit after tax before amortisation of acquired intangibles.

Notes to the consolidated financial statements *(cont.)*

NOTE 4A: REVENUE RECONCILIATION YEAR ENDED 30 JUNE 2021	E&P WEALTH $'000	E&P CAPITAL $'000	E&P FUNDS $'000	CORPORATE UNALLOCATED $'000	TOTAL $'000
Total revenue per Statement of Profit or Loss and other comprehensive income	**88,823**	**59,030**	**51,235**	**406**	**199,494**
Interest income	-	-	(205)	(18)	(223)
Government stimulus grant (USA)	-	-	(889)	-	(889)
Gain on leases	-	-	(977)	-	(977)
Trading gain	-	-	(56)	(388)	(444)
Fair value loss on held for sale assets	-	-	(1,098)	-	(1,098)
Other revenue adjustments	(583)	-	-	-	(583)
Total revenue per Operating Segment note	**88,240**	**59,030**	**48,010**	**-**	**195,280**

NOTE 4B: SEGMENT ADJUSTMENTS YEAR ENDED 30 JUNE 2021	E&P WEALTH $'000	E&P CAPITAL $'000	E&P FUNDS $'000	CORPORATE UNALLOCATED $'000	TOTAL $'000
Segment adjustments before tax					
Government stimulus grant (USA)	-	-	889	-	889
Net change in value of non-core investments[1]	-	-	(453)	(2,754)	(3,207)
Commonwealth penalty	(7,200)	-	-	-	(7,200)
Regulatory proceedings and related costs[2]	(5,944)	-	-	(175)	(6,119)
Takeover defence costs	-	-	-	(1,849)	(1,849)
Total segment adjustments before tax	**(13,144)**	**-**	**436**	**(4,778)**	**(17,486)**
Segment adjustments after tax					
Government stimulus grant (USA)	-	-	889	-	889
Net change in value of non-core investments[1]	-	-	(55)	(2,326)	(2,381)
Commonwealth penalty	(7,200)	-	-	-	(7,200)
Regulatory proceedings and related costs[2]	(4,162)	-	-	(122)	(4,284)
Takeover defence costs	-	-	-	(1,294)	(1,294)
Amortisation of acquired intangibles	-	-	-	(1,568)	(1,568)
E&P Wealth goodwill impairment	(11,193)	-	-	-	(11,193)
US CARES Act Tax Credit	-	-	947	-	947
Total segment adjustments after tax	**(22,555)**	**-**	**1,781**	**(5,310)**	**(26,084)**

NOTE 4C: DEPRECIATION AND AMORTISATION RECONCILIATION YEAR ENDED 30 JUNE 2021	E&P WEALTH $'000	E&P CAPITAL $'000	E&P FUNDS $'000	CORPORATE UNALLOCATED $'000	TOTAL $'000
Total Depreciation and Amortisation per Statement of Profit or Loss and other comprehensive income	**(3,755)**	**(1,031)**	**(2,143)**	**(8,601)**	**(15,530)**
Gain on leases	-	-	977	-	977
Right of use asset depreciation	3,755	1,031	1,166	1,914	7,866
Amortisation of acquired intangibles	-	-	-	2,509	2,509
Total Depreciation & Amortisation per Operating Segment note	**-**	**-**	**-**	**(4,178)**	**(4,178)**

Notes:

1. Includes net fair value adjustment of and acquisition loss on non-core investments. Non-core investments reflect the Group's legacy investment in an asset or enterprise that is unrelated to the core activities of the Group.
2. Regulatory proceedings and related costs are net of insurance recovery.

Notes to the consolidated financial statements *(cont.)*

OPERATING SEGMENT NOTE YEAR ENDED 30 JUNE 2020	NOTES	E&P WEALTH $'000	E&P CAPITAL $'000	E&P FUNDS $'000	CORPORATE UNALLOCATED $'000	TOTAL $'000
Revenue						
Provision of services		92,359	51,143	59,672	-	203,174
Recognised as follows:						
Over time		*69,549*	*1,307*	*59,109*	-	*129,965*
At a point in time		*22,810*	*49,836*	*563*	-	*73,209*
Share of profits of associates and jointly controlled entities		(4)	-	4,595	-	4,591
Other income		186	113	1,952	-	2,251
Total revenue	4D	**92,541**	**51,256**	**66,219**	**-**	**210,016**
Cost of sales		(4,202)	(5,654)	(8,336)	-	(18,192)
Net revenue		**88,339**	**45,602**	**57,883**	**-**	**191,824**
Direct expenses		(57,924)	(21,293)	(36,520)	-	(115,737)
Overhead expenses		(5,913)	(2,999)	(2,438)	-	(11,350)
Allocated staff expenses		(5,132)	(8,627)	(2,524)	-	(16,283)
Unallocated group staff expenses		-	-	-	(6,168)	(6,168)
Unallocated group other expenses		-	-	-	(5,097)	(5,097)
Segment EBITDA		**19,370**	**12,683**	**16,401**	**(11,265)**	**37,189**
Less: segment adjustments before tax	4E	(190)	-	435	(2,994)	(2,749)
EBITDA		**19,180**	**12,683**	**16,836**	**(14,259)**	**34,440**
Depreciation and amortisation expenses	4F	-	-	-	(6,357)	(6,357)
Amortisation of acquired intangibles		-	-	-	(4,067)	(4,067)
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)
EBIT		**6,698**	**(6,163)**	**2,860**	**(30,187)**	**(26,792)**
Interest revenue		-	-	-	198	198
Finance costs and interest on lease liabilities		(597)	(164)	(383)	(860)	(2,004)
Profit/(Loss) before tax		**6,101**	**(6,327)**	**2,477**	**(30,849)**	**(28,598)**
Income tax expense						(1,894)
Net loss after taxation						**(30,492)**
Add: segment adjustments after tax	4E					43,776
Segment NPATA						**13,284**

Glossary
EBIT is defined as earnings before interest and tax; EBITDA is defined as earnings before interest, tax, depreciation and amortisation; and NPATA is defined as net profit after tax before amortisation of acquired intangibles.

Notes to the consolidated financial statements *(cont.)*

NOTE 4D: REVENUE RECONCILIATION YEAR ENDED 30 JUNE 2020	E&P WEALTH $'000	E&P CAPITAL $'000	E&P FUNDS $'000	CORPORATE UNALLOCATED $'000	TOTAL $'000
Total revenue per Statement of Profit or Loss and other comprehensive income	**92,541**	**51,256**	**67,544**	**198**	**211,539**
Interest income	-	-	-	(198)	(198)
Government stimulus grant (USA)	-	-	(1,325)	-	(1,325)
Total revenue per Operating Segment note	**92,541**	**51,256**	**66,219**	**-**	**210,016**

NOTE 4E: SEGMENT ADJUSTMENTS YEAR ENDED 30 JUNE 2020	E&P WEALTH $'000	E&P CAPITAL $'000	E&P FUNDS $'000	CORPORATE UNALLOCATED $'000	TOTAL $'000
Segment adjustments before tax					
Government stimulus grant (USA)	-	-	1,325	-	1,325
Net change in value of non-core investments	-	-	430	(1,137)	(707)
Employee termination payments	-	-	-	(1,856)	(1,856)
Loss on derecognition of subsidiary	-	-	(315)	-	(315)
Other segment expenses	(190)	-	(1,005)	(1)	(1,196)
Total segment adjustments before tax	**(190)**	**-**	**435**	**(2,994)**	**(2,749)**
Segment adjustments after tax					
Government stimulus grant (USA)	-	-	1,325	-	1,325
Net change in value of non-core investments	-	-	430	(796)	(366)
Employee termination payments	-	-	-	(1,414)	(1,414)
Loss on derecognition of subsidiary	-	-	(315)	-	(315)
Other segment expenses	(133)	-	(704)	(1)	(838)
Amortisation of acquired intangibles	-	-	-	(3,338)	(3,338)
Impairment of goodwill and other intangibles	(8,731)	(17,817)	(10,922)	-	(37,470)
Impairment of ROU and fitout	-	-	-	(3,503)	(3,503)
US CARES Act Tax Credit	-	-	2,143	-	2,143
Total segment adjustments after tax	**(8,864)**	**(17,817)**	**(8,043)**	**(9,052)**	**(43,776)**

NOTE 4F: DEPRECIATION AND AMORTISATION RECONCILIATION YEAR ENDED 30 JUNE 2020	E&P WEALTH $'000	E&P CAPITAL $'000	E&P FUNDS $'000	CORPORATE UNALLOCATED $'000	TOTAL $'000
Total Depreciation and Amortisation per Statement of Profit or Loss and other comprehensive income	**(3,751)**	**(1,029)**	**(1,873)**	**(12,363)**	**(19,016)**
Right of use asset depreciation	3,751	1,029	1,873	1,939	8,592
Amortisation of acquired intangibles	-	-	-	4,067	4,067
Total Depreciation & Amortisation per Operating Segment note	**-**	**-**	**-**	**(6,357)**	**(6,357)**

Non-core investments reflect the Group's legacy investment in an asset or enterprise that is unrelated to the core activities of the Group.

The Group operates in three principal geographic areas – Australia (country of domicile), United States of America and Hong Kong. The Group's revenue from external customers and non-current assets by location of operations is detailed below. For the year ended 30 June 2021, no revenue from external customers has been derived from the Group's Hong Kong operations and as at 30 June 2021, there are no non-current assets relating to the Group's Hong Kong operations.

	2021 $'000	2020 $'000
Revenue from external customers (provision of services revenue)		
Australia	176,659	173,263
United States of America	10,601	29,911
	187,260	**203,174**
Non-current assets		
Australia	169,147	190,513
United States of America	6,790	10,820
	175,937	**201,333**

5. REVENUE

PROVISION OF SERVICES REVENUE	2021 $'000	2020 $'000
At a point in time		
Advisory, administration and brokerage	20,973	22,810
Corporate advisory and institutional brokerage	56,006	49,835
Funds management	1,158	563
Total revenue earned at a point in time	**78,137**	**73,208**
Over time		
Advisory, administration and brokerage	67,085	69,549
Corporate advisory revenue	3,047	1,308
Funds management	35,676	42,820
Project service fees	3,315	16,289
Total revenue earned over time	**109,123**	**129,966**
Total provision of services revenue	**187,260**	**203,174**

Notes to the consolidated financial statements *(cont.)*

6. EXPENSES

	2021 $'000	2020 $'000
Loss before income tax includes the following specific expenses:		
Employee benefits expense		
Salaries and other employee benefits	(110,070)	(102,881)
Employee related taxes	(5,916)	(6,930)
Post employment benefits	(5,076)	(5,069)
Share based payments expense	(4,717)	(3,017)
Termination benefits	(429)	(1,856)
	(126,208)	**(119,753)**
Property design, renovation and maintenance expense		
Job sub-contract and materials expense	**(945)**	**(7,093)**
Depreciation and amortisation		
Depreciation and amortisation – property, plant and equipment	(2,740)	(3,991)
Amortisation – computer software	(2,509)	(2,527)
Amortisation – restraint covenants	(1,743)	(2,825)
Amortisation – customer relationships	(673)	(970)
Amortisation – in progress contracts	-	(111)
Amortisation – right of use assets	(7,865)	(8,592)
	(15,530)	**(19,016)**
Impairment of goodwill, intangible assets and investments		
Goodwill (Note 20)	(11,193)	(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)
	(11,193)	**(38,651)**
Commonwealth penalties and related costs, net of insurance		
Commonwealth penalty	(7,200)	-
Commonwealth penalty related costs	(1,000)	-
Other legal and related costs	(2,234)	-
Insurance recovery income	1,169	-
	(9,265)	**-**
Other regulatory proceedings and related costs, net of insurance		
AFCA external dispute resolution and other claims	(8,149)	-
Other legal and related costs	(556)	-
Insurance recovery income*	4,284	-
	(4,421)	**-**

*Note: further related costs may be recovered but are not virtually certain at this time.

Other expenses included in the consolidated statement of profit or loss and other comprehensive income totalling $11.0 million (2020: $14.4 million) primarily comprise direct fund costs, insurance costs and other office-related expenses.

7. FINANCE EXPENSE

Recognised directly in profit or loss:

	2021 $'000	2020 $'000
Interest expense on financial liabilities measured at amortised cost	(89)	(358)
Interest expense on leases	(1,470)	(1,459)
Other finance costs – including facility line fees and amortisation of loan establishment costs	(15)	(187)
Finance expense recognised directly in profit or loss	**(1,574)**	**(2,004)**

8. REMUNERATION OF AUDITOR

The auditor of the E&P Financial Group Limited Group is Deloitte Touche Tohmatsu. The following fees were paid or are payable for services provided by Deloitte Touche Tohmatsu and network firms of the parent entity auditor:

		2021 $'000	2020 $'000
Deloitte Touche Tohmatsu - auditor of Parent entity			
Audit services:	Audit of the Group's annual financial statements	239	226
	Audit of the Group subsidiaries' annual financial statements	163	166
Review services:	Review of the Group's half-year financial statements	115	115
Other services:	Taxation services	134	105
	Advisory services (corporate finance and taxation) in respect of proposed transaction relating to funds managed by the Group	230	255
	Advisory services in respect of Investment Risk Management	56	-
	Audit fee of managed funds paid by the Group	121	68
	Other	39	80
Total		**1,097**	**1,015**
Network firm of the parent entity auditor:			
Deloitte Touche Tohmatsu Hong Kong			
Other services:	Audit of the foreign subsidiaries' annual financial statements	27	-
Deloitte Tax LLP			
Other services:	Taxation services	127	154
		1,251	**1,169**

9. INCOME TAX

INCOME TAX RECOGNISED IN PROFIT OR LOSS	2021 $'000	2020 $'000
Current tax		
In respect of the current year	3,236	4,997
In respect of prior years	155	(247)
	3,391	**4,750**
Deferred tax		
In respect of the current year	(2,596)	(2,856)
Total income tax expense recognised in the current year	**795**	**1,894**
The income tax expense for the year can be reconciled to the accounting loss as follows:		
Loss before income tax expense	**(18,040)**	**(28,599)**
Income tax expense at 30% (2020: 30%)	(5,412)	(8,580)
Effect of different tax rates of subsidiaries operating in other jurisdiction	(25)	(100)
Effect of income that is exempt from taxation	(488)	(488)
Effect of expenses that are not deductible in determining taxable profit	6,456	11,359
Deferred tax assets not recognised	1,056	2,138
Writeback of previous year's USA tax losses (US CARES Act)	(947)	(2,188)
	640	**2,141**
Adjustments recognised in the current period in relation to the current tax of prior periods	155	(247)
Total income tax expense recognised in profit or loss	**795**	**1,894**
Current tax assets		
Income tax receivable	**2,890**	**556**
Deferred tax balances		
The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:		
Deferred tax assets	13,796	11,608
Deferred tax liabilities	(11,202)	(11,508)
	2,594	**100**

During the year, the Group incurred $827,543 (tax effect $248,263) of capital losses that were not booked as a deferred tax asset. These capital losses can be carried forward to shelter the tax otherwise payable on future net capital gains.

Notes to the consolidated financial statements *(cont.)*

2021	OPENING BALANCE $'000	RECOGNISED IN PROFIT OR LOSS $'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $'000	CLOSING BALANCE $'000
Deferred tax assets/(liabilities) in relation to:				
Property, plant and equipment	866	(316)	-	550
Intangible assets	(10,530)	202	-	(10,328)
Provisions, prepayments, accruals, receivables	7,718	2,835	-	10,553
Provision for lease incentives	340	(52)	-	288
Accrued revenue	(817)	(57)	-	(874)
Financial assets at fair value	(161)	300	(102)	37
Lease liabilities/right of use assets	1,330	(273)	-	1,057
Other	1,354	(43)	-	1,311
Deferred tax assets/(liabilities)	**100**	**2,596**	**(102)**	**2,594**

2020	OPENING BALANCE $'000	RECOGNISED IN PROFIT OR LOSS $'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $'000	CLOSING BALANCE $'000
Deferred tax assets/(liabilities) in relation to:				
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**

10. EARNINGS PER SHARE

	2021 NO.	2020 NO.
Weighted average number of ordinary shares		
Weighted average number of ordinary shares during the year used to calculate basic earnings per share	225,860,792	225,011,756
Effect of dilutive potential ordinary shares	6,984,771	3,035,982
Weighted average number of ordinary shares during the year used to calculate diluted earnings per share	**232,845,563**	**228,047,738**

	2021 $'000	2020 $'000
Loss attributable to ordinary shareholders		
Loss attributable to ordinary shareholders	(18,835)	(30,493)
Loss used in the calculation of basic and diluted earnings per share	(18,835)	(30,493)
Basic loss per share (cents per share)	(8.3)	(13.6)
Diluted loss per share (cents per share)	(8.1)	(13.4)

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

11. DIVIDENDS

During the year, E&P Financial Group Limited made the following dividend payments:

	2021		2020	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
Fully paid ordinary shares				
2019 Final dividend	-	-	3.0 cents	7,011
2020 Interim dividend	-	-	2.5 cents	5,854
2020 Final dividend	-	-	-	-
2021 Interim dividend	2.0 cents	4,693	-	-
		4,693		**12,865**

The franking account balance as at 30 June 2021 was $27.9 million (2020: $23.2 million).

12. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2021 $'000	2020 $'000
Cash on hand	4	4
Cash at bank	50,748	37,631
	50,752	**37,635**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Average interest rates during the period were 0.0131% (2020: 0.0156%). Included in cash at bank is $13.8 million (2020: $12.1 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 – DEPOSITS

	2021 $'000	2020 $'000
Short-term deposits	5,332	-
Other deposits	428	-
	5,760	**-**

The Group entered into a six-month short-term bank deposit of $5.3 million maturing on 30 September 2021 to cash back the bank guarantee facility with Westpac Banking Corporation with a $5.3 million limit.

14. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2021 $'000	2020 $'000
Current		
Trade receivables	14,735	15,212
Loss allowance	(19)	(30)
Other receivables and accrued revenue	3,350	3,422
Other related party receivables	273	-
Insurance receivables	5,500	-
	23,839	**18,604**

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.

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

30 JUNE 2021	EXPECTED CREDIT LOSS RATE* %	CARRYING AMOUNT OF TRADE RECEIVABLES $'000	ALLOWANCE FOR EXPECTED CREDIT LOSSES $'000
0-30 days current/overdue	0.00%	14,078	-
31-60 days overdue	0.65%	567	(4)
61-120 days overdue	3.54%	41	(1)
121+ days overdue	27.87%	49	(14)
Total loss allowance		**14,735**	**(19)**

* Expected credit loss rate % has been rounded to two decimal places.

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

	2021 $'000	2020 $'000
Balance at beginning of the year	(30)	(8)
Change in loss allowance	(43)	(49)
Amounts written off	54	27
Balance at end of the year	**(19)**	**(30)**

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

	2021 $'000	2020 $'000
Investments in associates	555	392
Investments in jointly controlled entities	22,056	22,568
	22,611	**22,960**

Reconciliation of movement in carrying 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 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.)*

	FORT STREET CAPITAL $'000	DIXON ASSOCIATES PE III $'000	CVC EMERGING COMPANIES FUND $'000	OTHER $'000	TOTAL $'000
Balance at 1 July 2020	**6,386**	**5,048**	**7,409**	**3,725**	**22,568**
Acquisitions	-	611	2,377	-	2,988
Disposal	-	-	(4,674)	-	(4,674)
Share of profits of jointly controlled entities	902	3,198	3,549	482	8,131
Fair value loss	-	-	(1,098)	-	(1,098)
Less: dividends received	(650)	(1,388)	(2,657)	(1,000)	(5,695)
Effect of foreign currency exchange differences	-	-	-	(164)	(164)
Balance as at 30 June 2021	**6,638**	**7,469**	**4,906**	**3,043**	**22,056**

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

2021	FORT STREET CAPITAL $'000	DIXON ASSOCIATES PE III $'000	CVC EMERGING COMPANIES FUND $'000	OTHER $'000	TOTAL $'000
Current assets	1,450	154	1,572	4,755	7,931
Non-current assets	588	9,023	48,026	7,047	64,684
Current liabilities	(305)	(12)	(104)	(1,937)	(2,358)
Non-current liabilities	-	(228)	-	(3,777)	(4,005)
Net assets	**1,733**	**8,937**	**49,494**	**6,088**	**66,252**
The above amounts of assets and liabilities include the following:					
Cash and cash equivalents	1,552	31	964	4,439	6,986
Revenue	1,102	3,984	11,380	8,300	24,766
Profit for the year	1,730	3,807	8,106	2,023	15,666
Other comprehensive loss for the year	-	-	-	(434)	(434)
Total comprehensive income for the year	**1,730**	**3,807**	**8,106**	**1,589**	**15,232**

2020	FORT STREET CAPITAL $'000	DIXON ASSOCIATES PE III $'000	CVC EMERGING COMPANIES FUND $'000	OTHER $'000	TOTAL $'000
Current assets	828	8	4,853	3,722	9,411
Non-current assets	531	6,251	41,824	8,576	57,182
Current liabilities	(129)	(12)	(121)	(891)	(1,153)
Non-current liabilities	-	(67)	-	(3,957)	(4,024)
Net assets	**1,230**	**6,180**	**46,556**	**7,450**	**61,416**
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**

Reconciliation of the above summarised financial information to the carrying amount of the interest recognised in the consolidated financial statements.

2021	FORT STREET CAPITAL $'000	DIXON ASSOCIATES PE III $'000	CVC EMERGING COMPANIES FUND $'000	OTHER $'000	TOTAL $'000
Net assets	1,733	8,937	49,494	6,088	66,252
Proportion of Group's ownership interest in the associate	867	7,469	4,906	3,043	16,285
Goodwill, net of impairment	5,771	-	-	-	5,771
Carrying amount of the Group's interest in the associate	**6,638**	**7,469**	**4,906**	**3,043**	**22,056**

2020	FORT STREET CAPITAL $'000	DIXON ASSOCIATES PE III $'000	CVC EMERGING COMPANIES FUND $'000	OTHER $'000	TOTAL $'000
Net assets	1,230	6,180	46,556	7,450	61,416
Proportion of Group's ownership interest in the associate	615	5,048	7,409	3,725	16,797
Goodwill, net of impairment	5,771	-	-	-	5,771
Carrying amount of the Group's interest in the associate	**6,386**	**5,048**	**7,409**	**3,725**	**22,568**

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 2021 %	OWNERSHIP INTEREST 2020 %
Associates of E&P Financial Group Limited			
Clear 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 E&P Financial Group 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	9.9%	15.9%
Dixon Associates PE III Wholesale Fund **	USA	83.6%	81.7%
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 2021 %	2020 %
Ultimate parent entity:			
E&P Financial Group Limited (formerly Evans Dixon Limited)	Australia	100%	100%
Subsidiaries of ultimate parent entity:			
E&P Operations Pty Limited (formerly ED Operations Pty Limited)	Australia	100%	100%
Dixon Advisory & Superannuation Services Pty Limited	Australia	100%	100%
E&P Private Investments Pty Limited (formerly Dixon Private Investments Pty Limited)	Australia	100%	100%
Dixon Advisory Property Pty Limited	Australia	100%	100%
Dixon Advisory Super Pty Limited	Australia	100%	100%
E&P Financial Group USA Inc. (formerly Dixon Advisory USA Inc.)	USA	100%	100%
E&P Investments Limited (formerly Walsh & Company Investments Limited)	Australia	100%	100%
E&P Funds Management Pty Limited (formerly Walsh & Company Asset Management Pty Limited)	Australia	100%	100%
E&P Funds Group Pty Limited (formerly Walsh & Company Group Pty Limited)	Australia	100%	100%
Dixon Projects LLC	USA	100%	100%
E&P Asset Management USA Inc. (formerly 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%
E&P Investment Services Pty Limited (formerly Walsh & Company Investment Services Pty Limited)	Australia	100%	100%
E&P International Investments Pty Limited (formerly Dixon International Investments Pty Limited)	Australia	100%	100%
URF Investment Management Pty Limited	Australia	100%	100%
New Energy Solar Manager Pty Limited	Australia	100%	100%
Dixon Leasing Property Management LLC	USA	100%	100%
Evans and Partners Pty Limited	Australia	100%	100%
EAP Employee Investments Pty Limited*	Australia	100%	100%
Orca Funds Management Pty Limited (formerly 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%
E&P Employee Investments Pty Limited	Australia	100%	100%
E&P Corporate Advisory Pty Limited	Australia	100%	100%
E&P Asia (HK) Limited	Hong Kong	100%	100%
Claremont Funds Management Pty Ltd**	Australia	100%	-

*De-registered as a company on 12 July 2020.
**New entity incorporated in FY21.

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

	2021 $'000	2020 $'000
Current		
Financial assets classified as held for sale, at fair value	**6,750**	**10,409**
Non-Current		
Financial assets held at FVTOCI	2,078	7,588
Financial assets held at FVTPL	620	2,956
	2,698	**10,544**

The Group's escrowed shares in US Solar Fund listed on the London Stock Exchange are released from escrow in April 2022. These shares have been classified as financial assets classified as held for sale. The prior year 'financial assets classified as held for sale' of $10.4 million was sold during the year.

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

	2021 $'000	2020 $'000
Carrying amounts of		
Furniture and equipment	1,651	2,506
Motor vehicles	7	15
Computer equipment	206	389
Leasehold improvements	8,449	7,583
	10,313	**10,493**

COST	FURNITURE AND EQUIPMENT $'000	MOTOR VEHICLES $'000	COMPUTER EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	TOTAL $'000
Balance at 1 July 2019	11,068	666	3,886	15,889	31,509
Additions	508	-	51	2,827	3,386
Disposals	(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**
Balance at 1 July 2020	5,120	33	2,295	14,907	22,355
Additions	329	-	90	3,790	4,209
Disposals	(1,980)	-	(523)	(5,559)	(8,062)
Effect of foreign currency exchange differences	(37)	(3)	(22)	-	(62)
Balance as at 30 June 2021	**3,432**	**30**	**1,840**	**13,138**	**18,440**

ACCUMULATED DEPRECIATION/ AMORTISATION	FURNITURE AND EQUIPMENT $'000	MOTOR VEHICLES $'000	COMPUTER EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	TOTAL $'000
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)
Disposal	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)**
Balance at 1 July 2020	(2,614)	(18)	(1,906)	(7,324)	(11,862)
Depreciation/amortisation	(562)	(6)	(268)	(1,904)	(2,740)
Impairment*	(597)	-	-	(496)	(1,093)
Disposal	1,962	-	523	5,035	7,520
Effect of foreign currency exchange differences	30	1	17	-	48
Balance as at 30 June 2021	**(1,781)**	**(23)**	**(1,634)**	**(4,689)**	**(8,127)**
Written down value as at 30 June 2021	**1,651**	**7**	**206**	**8,449**	**10,313**

* Note: This impairment loss relates to furniture and equipment and leasehold improvements due to the termination of a lease of one floor within the North Sydney office premises as well as the expiry of an office lease in Canberra. The impairment losses have been included in the profit and loss in the 'impairment of plant, equipment and right of use assets' line item.

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

	2021 $'000	2020 $'000
Carrying amounts of:		
Goodwill	65,729	76,922
Brands	29,333	29,333
	95,062	**106,255**

COST	GOODWILL $'000	BRANDS $'000	TOTAL $'000
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**
Balance at 1 July 2020	76,922	29,333	106,255
Impairment of goodwill and other indefinite life intangible assets	(11,193)	-	(11,193)
Balance as at 30 June 2021	**65,729**	**29,333**	**95,062**

Notes to the consolidated financial statements *(cont.)*

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**):

- E&P Wealth (formerly Wealth Advice)
- E&P Capital (formerly E&P)
- E&P Funds (formerly Funds Management)

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

	GOODWILL $'000	BRANDS $'000	TOTAL $'000
2020			
CGU			
E&P Wealth	11,778	18,757	30,535
E&P Capital	65,144	10,576	75,720
E&P Funds	-	-	-
Balance as at 30 June 2020	**76,922**	**29,333**	**106,255**
2021			
CGU			
E&P Wealth	585	18,757	19,342
E&P Capital	65,144	10,576	75,720
E&P Funds	-	-	-
Balance as at 30 June 2021	**65,729**	**29,333**	**95,062**

IMPAIRMENT TESTING

E&P WEALTH

The recoverable value of the E&P Wealth CGU has been determined by a value in use calculation which uses cash flow projections based on the financial forecasts approved by the Directors covering the 2022 and 2023 financial years. Cash flows beyond FY23 have been extrapolated using a steady 2.0% per annum growth rate. A post-tax discount rate of 10.0% (FY20: 9.5%) has been applied to the forecast cash flows. In preparing the E&P Wealth impairment test, the Directors have considered the regulatory risks facing the business at 30 June 2021. Based on these assumptions, there is an impairment to the goodwill allocated to this CGU of $11.193 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 (including the prevailing regulatory risks and associated potential costs) and industry disruption (including elevated insurance costs).

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.

SENSITIVITY	IMPACT ON IMPAIRMENT ASSESSMENT	INCREASE IN AMOUNT OF IMPAIRMENT $'000
A 10% reduction in cash flows	Impairment of CGU	3,912
A 0.25% decrease in terminal growth rate	Impairment of CGU	1,207
A 1% increase in discount rate	Impairment of CGU	4,668

E&P CAPITAL

The recoverable value of the E&P Capital CGU has been determined by a value in use calculation which uses cash flow projections based on the financial forecasts approved by the Directors covering the 2022 and 2023 financial years. Cash flows beyond FY23 have been extrapolated using a steady 2.0% per annum growth rate. A post-tax discount rate of 10.5% (FY20: 11.75%) has been applied to the forecast cash flows. The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

E&P FUNDS

The recoverable value of the E&P Funds CGU has been determined by a value in use calculation which uses cash flow projections based on the financial forecasts approved by the Directors covering the 2022 and 2023 financial years. Cash flows beyond FY23 have been extrapolated using a steady 2.0% per annum growth rate. A post-tax discount rate of 9.0% (FY20: 9.5%) has been applied to the forecast cash flows.

21. NON-CURRENT ASSETS – FINITE LIFE INTANGIBLE ASSETS

	2021 $'000	2020 $'000
Carrying amounts of:		
Computer software	5,106	5,282
Customer relationships	5,097	5,770
Restraint covenants	1,168	2,911
Contracts in progress	80	80
	11,451	**14,043**

COST	COMPUTER SOFTWARE $'000	CUSTOMER RELATIONSHIPS $'000	RESTRAINT COVENANTS $'000	CONTRACTS IN PROGRESS $'000	TOTAL $'000
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**
Balance at 1 July 2020	17,309	10,700	10,000	700	38,709
Additions	2,333	-	-	-	2,333
Disposals	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	-
Balance as at 30 June 2021	**19,642**	**10,700**	**10,000**	**700**	**41,042**

Notes to the consolidated financial statements *(cont.)*

ACCUMULATED AMORTISATION	COMPUTER SOFTWARE $'000	CUSTOMER RELATIONSHIPS $'000	RESTRAINT COVENANTS $'000	CONTRACTS IN PROGRESS $'000	TOTAL $'000
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)**
Balance at 1 July 2020	(12,027)	(4,930)	(7,089)	(620)	(24,666)
Amortisation expense	(2,509)	(673)	(1,743)	-	(4,925)
Impairment	-	-	-	-	-
Eliminated on disposal of assets	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	-
Balance as at 30 June 2021	**(14,536)**	**(5,603)**	**(8,832)**	**(620)**	**(29,591)**
Written down value as at 30 June 2021	**5,106**	**5,097**	**1,168**	**80**	**11,451**

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

COST	OFFICE PREMISES $'000	OFFICE EQUIPMENT $'000	TOTAL $'000
Opening balance at 1 July 2019	-	-	-
Introduction of AASB 16 Leases	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**
Opening balance at 1 July 2020	38,208	1,384	39,592
Additions	8,377	208	8,585
Disposals	(10,881)	-	(10,881)
Transfer to finance lease receivable*	(4,781)	-	(4,781)
Effect of foreign currency exchange differences	(357)	-	(357)
Balance as at 30 June 2021	**30,566**	**1,592**	**32,158**

ACCUMULATED DEPRECIATION	OFFICE PREMISES $'000	OFFICE EQUIPMENT $'000	TOTAL $'000
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)**
Opening balance at 1 July 2020	(8,037)	(277)	(8,314)
Depreciation expense	(7,585)	(280)	(7,865)
Impairment of right of use assets	(372)	-	(372)
Eliminated on disposal	6,854	-	6,854
Transfer to finance lease receivable*	880	-	880
Effect of foreign currency exchange differences	165	-	165
Balance as at 30 June 2021	**(8,095)**	**(557)**	**(8,652)**
Written down value as at 30 June 2021	**22,471**	**1,035**	**23,506**

*Note: Refer to Note 23 for finance lease receivable balance as at 30 June 2021.

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 2.4 years.

The maturity analysis of lease liabilities is presented in Note 27.

	2021 $'000	2020 $'000
Amounts recognised in profit or loss		
Depreciation expense on right of use assets	7,865	8,592
Interest expense on lease liabilities	1,470	1,459
	9,335	**10,051**

23. CURRENT AND NON-CURRENT ASSETS – FINANCE LEASE RECEIVABLES

	2021 $'000	2020 $'000
Amounts receivable under finance leases		
Less than one year	979	-
One to five years	3,591	-
Total undiscounted lease payments receivable at 30 June 2021	**4,570**	**-**
Present value of lease payments receivable	(627)	-
Net investment in the lease	**3,943**	**-**
Current	746	-
Non-current	3,197	-
	3,943	**-**

During the year, the Group entered into finance leasing arrangements as a lessor of the former office space held at 140 Broadway, New York USA. Upon commencement of the finance leasing arrangements, the right-of-use asset in relation to this premises was derecognised and a net investment in finance leases recognised. The term of the finance lease receivable matches the original term of the underlying lease, which expires in February 2026. The Group is exposed to foreign currency risk as a result of this finance lease arrangement as the lease is denominated in USD.

	2021 $'000	2020 $'000
Amounts recognised in the consolidated Statement of Profit or Loss and other Comprehensive Income		
Finance income on the net investment in finance leases	**205**	**-**

The Directors of the Group estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period are past due, and taking into account the future prospects of the industries in which the lessees operate, the directors of the Group consider that no finance leases receivable are impaired.

24. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2021 $'000	2020 $'000
Current		
Trade payables	3,534	4,518
Sundry payables and accrued expenditure	5,975	6,963
GST payable	1,437	1,396
	10,946	**12,877**

The average credit period on purchases of goods and services in Australia and the United States of America is 25 days (2020: 25 days).

25. CURRENT LIABILITIES – CONTRACT LIABILITIES

	2021 $'000	2020 $'000
Contract liabilities	**8,213**	**9,748**

Revenue relating to advisory and administration services are recognised over time although the customer pays up-front in full for these services. A contract liability is recognised for revenue relating to these services at the time of the initial sale transaction and is released over the service period.

26. CURRENT AND NON-CURRENT LIABILITIES – PROVISIONS

	2021 $'000	2020 $'000
Current		
Employee benefits	38,508	28,492
Commonwealth penalty and related costs	8,200	-
AFCA external dispute resolution claims	7,837	-
Other claims settlement	30	-
	54,575	**28,492**
Non-current		
Employee benefits	1,321	1,235
Provision for make-good	2,439	2,922
	3,760	**4,157**

Reconciliation of movement in the current year:

	COMMONWEALTH PENALTY & RELATED COSTS $'000	AFCA EXTERNAL DISPUTE RESOLUTION CLAIMS $'000	OTHER CLAIMS SETTLEMENT $'000	PROVISION FOR MAKE-GOOD $'000
Balance at 1 July 2020	-	-	-	2,922
Additional provision in the year	8,200	8,149	30	679
Utilisation of provision	-	(312)	-	(638)
Unwinding of unused provision	-	-	-	(524)
Balance as at 30 June 2021	**8,200**	**7,837**	**30**	**2,439**

27. CURRENT AND NON-CURRENT LIABILITIES – LEASE LIABILITIES

	2021 $'000	2020 $'000
Maturity analysis - contractual undiscounted cashflows		
Less than one year	8,579	10,331
One to five years	21,591	26,500
More than five years	7,228	4,071
Total undiscounted lease liabilities at 30 June 2021	**37,398**	**40,902**
Lease liabilities included in the consolidated Statement of Financial Position		
Opening balance at the beginning of the year	37,141	34,989
Additions of leases during the year	10,027	11,442
Interest incurred	1,470	1,459
Payments of lease liabilities	(9,892)	(10,059)
Disposals of leases during the year	(889)	(846)
Change in lease terms	(3,779)	-
Lease modifications	(337)	-
Impact of foreign exchange on lease liabilities balance	(523)	156
	33,218	**37,141**
Current	7,347	9,110
Non-current	25,871	28,031
	33,218	**37,141**
Amounts recognised in the consolidated Statement of Profit or Loss and other Comprehensive Income		
Interest expense on lease liabilities	**1,470**	**1,459**
Amounts recognised in the consolidated Statement of Cash Flows		
Total cash outflow for leases	**(9,892)**	**(10,059)**

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.

28. EQUITY – ISSUED CAPITAL

	NUMBER OF SHARES	SHARE CAPITAL $
Balance as at 1 July 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 as at 30 June 2020	**234,633,959**	**337,940,239**
Treasury shares re-issued under the share rights plan during the year	-	(2,995,224)
Balance of Issued share capital as at 30 June 2021	**234,633,959**	**334,945,015**
(Less): treasury shares held by Group entities	(8,301,006)	(12,854,686)
Balance of share capital as at 30 June 2021	**226,332,953**	**322,090,329**
Movement in treasury shares balance during the year can be reconciled as follows:		
Opening balance of treasury shares held by Group entities 1 July 2020	(9,053,422)	(15,516,780)
(Less): treasury shares purchased during the year	(681,364)	(333,530)
Add: treasury shares issued (options exercised) during the year	1,433,780	2,995,624
Closing balance treasury shares held by Group entities 30 June 2021	**(8,301,006)**	**(12,854,686)**

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

29. EQUITY – REORGANISATION RESERVE

	2021 $'000	2020 $'000
Reserve arising out of corporate reorganisation	**(135,099)**	**(135,099)**

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

30. EQUITY – INVESTMENT REVALUATION RESERVE

	2021 $'000	2020 $'000
Investment revaluation reserve	**(246)**	**(112)**

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.

	2021 $'000	2020 $'000
Movements in investment revaluation reserve		
Movements in the investment revaluation reserve during the current financial year is set out below:		
Balance at the beginning of the year	(112)	375
Fair value gain on financial assets measured at FVTOCI	(369)	(695)
Deferred tax liability arising on revaluation of financial assets	(276)	208
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses	511	-
Balance at the end of the year	**(246)**	**(112)**

31. EQUITY – FOREIGN CURRENCY TRANSLATION RESERVE

	2021 $'000	2020 $'000
Foreign currency translation reserve	**3,681**	**3,890**

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

	2021 $'000	2020 $'000
Movements in foreign currency translation reserve		
Movements in the foreign currency translation reserve during the current and previous financial year are set out below:		
Balance at the beginning of the year	3,890	3,625
Exchange differences arising on translating the foreign operations	(438)	265
Transfer of other comprehensive income to retained earnings	229	-
Balance at the end of the year	**3,681**	**3,890**

32. EQUITY – SHARE BASED PAYMENTS RESERVE

The share based payments reserve represents the cumulative amount of share based payments expense recognised during the respective vesting periods of each tranche of shares that have been issued under the Loan Funded Share Plan and share options /rights plan (refer Note 33).

MOVEMENTS IN SHARE BASED PAYMENTS RESERVE	2021 $'000	2020 $'000
Movements in the share based payments reserve during the current and previous financial year are set out below:		
Balance at the beginning of the year	3,589	572
Share based payments expense recognised in the year – Loan funded share plan	1,131	1,314
Share based payments expense recognised in the year – Share options/rights plan	3,586	1,703
Balance at the end of the year	**8,306**	**3,589**

33. SHARE BASED PAYMENTS

EMPLOYEE SHARE OPTIONS

On 18th December 2020, the Group announced the suspension of its Employee Share Plans. Aside from Key Management Personnel, the Group does not intend to grant further deferred equity to employees as part of the Group's discretionary bonus awards. This does not impact previously issued employee share options as detailed below and in previous period financial statements.

SHARE OPTIONS/RIGHTS PLAN

During the year ended 30 June 2021, the Group continued 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 2020 (tranches G,H,I) and 15 April 2021 (tranches J,K,L)
Vesting dates	Refer below
Exercise expiry dates	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.
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.

During the year ended 30 June 2021, six tranches of rights have been issued under the ORP as follows:

ORP	TRANCHE G	TRANCHE H	TRANCHE I	TRANCHE J	TRANCHE K	TRANCHE L
Number of rights	3,092,027	3,092,027	3,092,181	105,301	105,301	105,303
Grant date	15-Oct-20	15-Oct-20	15-Oct-20	15-Apr-21	15-Apr-21	15-Apr-21
Vesting date	15-Oct-21	15-Oct-22	15-Oct-23	15-Oct-21	15-Oct-22	15-Oct-23
Exercise Expiry Date	15-Oct-27	15-Oct-27	15-Oct-27	15-Apr-28	15-Apr-28	15-Apr-28
Market value of shares at grant date	$0.5315	$0.5315	$0.5315	$0.6331	$0.6331	$0.6331

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 period in relation to all the tranches since inception was $3.6 million.

ORP	TRANCHE G	TRANCHE H	TRANCHE I	TRANCHE J	TRANCHE K	TRANCHE L
Option life	1 year	2 years	3 years	0.5 years	1.5 years	2.5 years
Share price at grant date	$0.580	$0.580	$0.580	$0.620	$0.620	$0.620
Expected volatility	50%	50%	50%	50%	50%	50%
Historical dividend yield	4.2%	6.3%	6.9%	6.5%	6.5%	6.5%
Risk-free rate	0.11%	0.15%	0.15%	0.05%	0.00%	0.05%
Fair value per right	$0.556	$0.512	$0.471	$0.600	$0.563	$0.528
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

Details of the share options outstanding during the period are as follows:

	NUMBER OF SHARE RIGHTS
Balance at the start of the year	6,520,754
Granted during the year	9,592,140
Vested and exercised during the year (current employees)	(1,189,810)
Vested and exercised during the year ("good" leavers under the terms of the Plan)	(109,498)
Vested and exercised during the year ("other" leavers under the terms of the Plan)	(134,472)
Forfeited during the year ("other" leavers under the terms of the Plan)	(683,908)
Balance at the end of the year	**13,995,206**

The following tranches vested during the year ended 30 June 2021:

ORP	TRANCHE A	TRANCHE D
Number of rights	1,859,691	395,637
Grant date	15-Oct-19	15-Apr-20
Vesting date	15-Oct-20	15-Apr-21
Vested rights that were exercised	1,238,097	111,515

In addition to the above tranches, there was a further 50,363 shares (2020: nil) that vested during the year in relation to good leavers that are yet to be exercised.

LOAN FUNDED SHARE PLAN (LFSP)

During the year ended 30 June 2021, no further tranches of shares have been issued under the LFSP. Further details of previously issued LFSP tranches of shares are disclosed in previous years' annual financial reports. The total expense recorded for the year was $1.1 million.

	NUMBER OF SHARE RIGHTS
Balance at the start of the year	7,973,173
Vested during the year ("good" leavers under the terms of the Plan)	(204,405)
Forfeited during the year ("other" leavers under the terms of the Plan)	(471,539)
Balance at the end of the year	**7,297,229**

34. EQUITY – ACCUMULATED LOSSES

	2021 $'000	2020 $'000
Balance at the beginning of the year	(16,754)	26,515
Loss attributable to the owners of the Company	(18,835)	(30,493)
Transfer of other comprehensive income from foreign currency translation reserve to accumulated losses	(229)	-
Payment of dividends	(4,613)	(12,776)
Transfer of fair value through other comprehensive income to accumulated losses	(511)	-
Balance at the end of the year	**(40,942)**	**(16,754)**

35. PARENT ENTITY INFORMATION

As of and throughout the financial year ended 30 June 2021, the parent entity of the group was E&P Financial Group 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	2021 $'000	2020 $'000
Summarised statement of financial position		
Current assets	105,121	100,075
Non-current assets	165,216	189,185
Total assets	**270,337**	**289,260**
Current liabilities	313	1,339
Non-current liabilities	9,011	10,029
Total liabilities	**9,324**	**11,368**
Net assets	**261,013**	**277,892**
Issued capital	414,525	417,520
Reserves	8,306	3,589
Accumulated losses	(161,818)	(143,217)
Equity	**261,013**	**277,892**
Summarised statement of profit or loss and other comprehensive income		
Loss for the year, after income tax*	(13,983)	(131,422)
Other comprehensive income	-	-
Total comprehensive loss	**(13,983)**	**(131,422)**

** Includes impairment of subsidiary investments totaling $21.0 million (2020: $144.8 million).*

On 1st August 2020, E&P Financial Group 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 (E&P Operations Pty Limited) under the lease. The amount of the obligation subject to the guarantee is $6,091,742 (2020: $6,091,742). 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.

During the year ended 30 June 2021, the parent entity of the Group resolved to provide financial support to Dixon Advisory & Superannuation Services Pty Limited (**DASS**), a subsidiary of the Group, up to a specified amount in relation to Commonwealth penalties incurred by DASS. Based on the Heads of Agreement signed by DASS with ASIC on 8 July 2021 (refer to Note 43 Subsequent Events for further details) it is not expected that this commitment will be required to be called upon.

36. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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.

MATERIAL CATEGORIES OF FINANCIAL INSTRUMENTS	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents	50,752	37,635
Trade and other receivables	23,839	18,604
Finance lease receivables	3,943	-
Assets classified as held for sale	6,750	10,409
Investments in financial assets	2,698	10,544
Deposits	9,844	5,101
Financial liabilities		
Trade and other payables	10,946	12,877
Lease liabilities	33,218	37,141

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. Another subsidiary of the Group, E&P Asia (HK) Limited, holds a Type 1 and Type 4 Securities and Futures Commission (**SFC**) licence in Hong Kong, and also has an externally imposed capital and liquidity requirement.

Notes to the consolidated financial statements *(cont.)*

In addition, the subsidiaries Evans and Partners Pty Limited, Dixon Advisory & Superannuation Services Pty Limited, E&P Investments Limited, E&P Funds Management Pty Limited and E&P 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:

	2021 $'000	2020 $'000
Assets		
Currency of USA - represents cash at bank and intercompany trade receivables	**18,026**	**18,042**

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.

	2021 $'000	2020 $'000
USD impact		
+ 10% strengthening	(1,803)	(1,804)
- 10% weakening	1,803	1,804

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 short-term deposit balances at balance date.

	2021 $'000	2020 $'000
Impact of 100 BP change in interest rate applied on year-end cash at bank balance		
+ 100 basis points	494	358
- 100 basis points	(7)	(6)

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 2021, the Group does not have a significant credit risk exposure to any single customer. Note 14 includes an ageing of receivables past due.

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.

III. FINANCE LEASE RECEIVABLES

The Group is exposed to credit risk on finance lease receivable. The Group has a policy to continuously assess and monitor the credit quality of the lessee taking into account the future prospects of the industries in which the lessees operate. The maximum exposure to credit risk at 30 June 2021 is under Note 23.

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 $'000	LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3-12 MONTHS $'000	1-5 YEARS $'000	5+ YEARS $'000	TOTAL $'000
30 June 2021							
Non-interest bearing	-	(7,033)	(2,379)	(1,534)	-	-	(10,946)
Interest bearing lease liabilities	4.115%	(716)	(2,127)	(5,736)	(21,591)	(7,228)	(37,398)
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)

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.)*

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).

FINANCIAL ASSETS	FAIR VALUE AS AT		FAIR VALUE HIERARCHY	VALUATION TECHNIQUE(S) AND KEY INPUT(S)
	2021 $'000	**2020 $'000**		
Assets classified as held for sale				
Listed corporations	6,750	10,409	Level 1	Quoted bid prices in an active market.
	6,750	**10,409**		
Investments in financial assets				
Listed corporations	2,215	7,588	Level 1	Quoted bid prices in an active market.
Shares/bonds in unlisted corporations	483	2,956	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.
	2,698	**10,544**		

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.

37. 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 2021 $'000	YEAR ENDED 30 JUNE 2020 $'000	YEAR ENDED 30 JUNE 2021 $'000	YEAR ENDED 30 JUNE 2020 $'000
Associates of E&P Financial Group Limited				
Clear Law Pty Limited	-	-	-	-
US Select Private Opportunities Fund II GP, LLC	1,026	1,271	-	-
US Select Private Opportunities Fund III GP, LLC	761	846	-	-
US Select Private Opportunities Fund IV GP, LLC	924	1,027	-	-
US Select Direct Private Equity (US) GP, LLC	41	63	-	-
	2,752	**3,207**	**-**	**-**
Jointly controlled entities of E&P Financial Group Limited				
Fort Street Real Estate Capital Pty Limited	1,643	1,767	174	415
Fort Street Real Estate Services Pty Limited	-	-	-	-
Fort Street Capital Pty Limited	650	1,000	-	-
Laver Place Sub Pty Limited	-	-	-	-
CVC Emerging Companies IM Pty Limited	62	153	-	-
CVC Emerging Companies Fund	273	167	-	-
Dixon Associates PE III Wholesale Fund	-	-	-	-
UA Dixon 168 Manager, LLC	-	34	-	-
UA Dixon 30-58/64 34th Street, LLC	-	3	-	-
UA Dixon 523 West 135th Street Manager, LLC	-	16	-	-
	2,628	**3,140**	**174**	**415**

Notes to the consolidated financial statements *(cont.)*

KEY MANAGEMENT PERSONNEL (KMP) OF E&P FINANCIAL GROUP LIMITED:

Trading transactions: 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 $446,946 (2020: $542,747). The terms and conditions of these transactions were at arms-length and were no more favourable than those available to non-KMP.

The Group's $250,000 investment in unlisted Australian corporation Integrated Workforce Solutions Pty Limited (IWS) was acquired by listed Australian entity PayGroup Limited (ASX:PYG) during the year and in return the Group received cash and shares in PayGroup. Anthony Pascoe, who commenced as a Director of the Group on 2 July 2020, was the executive chairman of IWS at the time of the PayGroup transaction.

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

	AMOUNTS OWED BY RELATED PARTIES		AMOUNTS OWED TO RELATED PARTIES	
	30 JUNE 2021 $'000	30 JUNE 2020 $'000	30 JUNE 2021 $'000	30 JUNE 2020 $'000
Associates of E&P Financial Group Limited				
Clear Law Pty Limited	273	214	-	271
	273	**214**	**-**	**271**

	AMOUNTS OWED BY RELATED PARTIES		AMOUNTS OWED TO RELATED PARTIES	
	30 JUNE 2021 $'000	30 JUNE 2020 $'000	30 JUNE 2021 $'000	30 JUNE 2020 $'000
Jointly controlled entities of E&P Financial Group Limited				
Fort Street Real Estate Capital Pty Limited	-	-	-	62
Dixon Associates PE III Wholesale Fund	12	12	-	-
UA Dixon 168 Manager, LLC	-	-	-	-
UA Dixon 30-58/64 34th Street, LLC	-	-	-	-
UA Dixon 523 West 135th Street Manager, LLC	-	-	-	-
	12	**12**	**-**	**62**
Key management personnel of E&P Financial Group Limited				
Key management personnel - trade receivables	**13**	**18**	**-**	**-**

38. KEY MANAGEMENT PERSONNEL REMUNERATION

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

	2021 $'000	2020 $'000
Short-term employee benefits	4,418	4,245
Termination benefits	214	279
Post-employment benefits	139	99
Long-term employee benefits	18	142
Share based payments	296	-
	5,085	**4,765**

39. NET CASH PROVIDED BY OPERATING ACTIVITIES

Reconciliation of loss for the year to net cash flows from operating activities:

	2021 $'000	2020 $'000
Loss after tax for the year	(18,835)	(30,493)
Non-cash flows in profit:		
Add: Depreciation and amortisation	15,530	19,016
Add: Impairment of plant, equipment and right of use assets	1,465	3,565
Add: Impairment of goodwill, intangible assets and investments expense	11,193	38,651
Add: Share based payments expense	4,717	3,017
Add: Interest expense - lease liability	1,470	1,459
Add: Loss on derecognition of subsidiary	-	315
Add: Unrealised foreign exchange	225	71
Add: Movement of fair value of investments	2,398	796
Add: Acquisition loss on investment	1,830	-
(Less): Share of profits of associates and jointly controlled entities	(8,293)	(4,591)
(Less): Gain on leases and investments	(1,421)	-
(Less): Government Grant US	(889)	-
(Less): Interest income – finance lease receivable	(205)	-
(Less): Other non-cash provisions for services	(223)	-
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(5,603)	2,305
(Increase) / decrease in prepayments	126	589
(Increase) / decrease in inventories	-	149
(Increase) / decrease in finance lease receivable	(292)	-
(Increase) / decrease in current tax assets	(2,334)	3,237
(Increase) / decrease in deposits	590	(1,265)
(Increase) / decrease in deferred tax assets	(2,216)	(2,868)
Increase / (decrease) in trade and other payables	(2,194)	(1,331)
Increase / (decrease) in contract liabilities	(1,535)	(2,218)
Increase / (decrease) in provisions	25,530	393
Net cash generated by operating activities	**21,034**	**30,797**

Reconciliation of liabilities arising from financing activities.

	1 JULY 2020	FINANCING CASH INFLOWS	FINANCING CASH OUTFLOWS	NON-CASH CHANGES ADDITIONS OF LEASES	NON-CASH CHANGES DISPOSALS OF LEASES	NON-CASH CHANGES OTHER CHANGES*	30 JUNE 2021
Borrowings (refer to Note 40)	-	5,280	(5,280)	-	-	-	-
Lease liabilities (refer to Note 27)	37,141	-	(9,892)	10,027	(889)	(3,169)	33,218
Total liabilities from financing activities	**37,141**	**5,280**	**(15,172)**	**10,027**	**(889)**	**(3,169)**	**33,218**

* Other changes include change in lease terms, lease modifications, interest incurred and impact of foreign exchange.

40. BORROWINGS

During the year, the Group entered into a premium financing facility totalling $5.3 million to fund its annual insurance premiums. The facility has been fully repaid during the year.

The Group had an amortising revolving cash advance facility of $10 million with Westpac Banking Corporation, which expired on 31 March 2021.

The Group also has a bank guarantee facility with Westpac Banking Corporation with a $5.3 million limit, which has been cash backed by a short-term bank deposit maturing on 30 September 2021 (refer to Note 13). As at 30 June 2021, Westpac had issued $5.3 million in guarantees which were used to secure the Group's Australian commercial office leases, credit card & merchant facility. On 1st April 2021, Westpac agreed to an extension of the bank guarantee facility until 30 September 2021.

41. CONTINGENT LIABILITIES

Citibank, N.A. has issued a standby letter of credit on behalf of E&P Financial Group USA Inc. (formerly Dixon Advisory USA Inc.) in favour of the landlord of Level 28, 140 Broadway New York USA up to a limit of $446,958 USD ($607,925 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 E&P Financial Group USA Inc. in favour of the landlord of 1000 Plaza 2, Level 10, Jersey City NJ, USA up to a limit of $130,611 USD ($173,731 AUD equivalent) as required under the terms of the lease of this premises. This lease is no longer in place and this letter of credit is currently in the process of being returned.

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 ($997,606 AUD equivalent) as required under the terms of an insurance policy.

The Group and its subsidiaries undertake ongoing compliance activities, including reviews of products, advice, conduct and services provided to clients and adopt a proactive approach when advised of a complaint with respect to the services provided to a client.

42. COMMITMENTS FOR EXPENDITURE

The Group has a remaining commitment for investment into Dixon Associates PE III Wholesale Fund totalling $0.7 million.

43. SUBSEQUENT EVENTS

On 1 July 2021, the Group entered into a premium financing agreement in the amount of $5.29 million, for the purposes of funding upfront premiums due in respect of Group insurance policies.

On 9 July 2021, the Group announced that its wholly owned subsidiary, Dixon Advisory & Superannuation Services Pty Ltd (**DASS**), had entered into a conditional Heads of Agreement with ASIC to resolve the legal proceedings commenced by ASIC against DASS in the Federal Court of Australia on 4 September 2020. Under the heads of agreement, DASS agrees to pay to Commonwealth a pecuniary penalty of $7.2 million and ASIC's legal costs of its investigation and the legal proceedings agreed at $1.0 million.

As at reporting date, the finalisation of legal documentation with ASIC prior to seeking Federal Court approval is ongoing as contemplated in the Heads of Agreement. As agreed with ASIC, DASS's legal representatives submitted final admissions schedules to ASIC and ASIC has until 25 August 2021 to notify DASS if it does not agree with those schedules.

In September 2020, a Statement of Claim was filed with the Supreme Court of NSW whereby the plaintiffs alleged that DASS contravened sections of the *Corporations Act 2001 (Cth)*, did not comply with its contractual duty to provide financial advice services with reasonable care and skill and breached a duty of care owed to the plaintiffs. DASS was served with this Statement of Claim in February 2021. Commencing in April 2021, the plaintiffs and DASS engaged in settlement negotiations in relation to this matter. On 26 July 2021, a counteroffer was made by DASS which was accepted by the plaintiffs on 9 August 2021. Accordingly, a deed of settlement is currently being drafted as at the reporting date. As such, relevant provisions and insurance receivable assets have been recognised in the year ended 30 June 2021 accounts as a reliable and quantifiable estimate relating to the resolution of this matter became probable prior to 30 June 2021.

The Group notes recent developments since the end of the financial year in relation to the COVID-19 pandemic, particularly in NSW, Victoria, ACT, Queensland and South Australia, and related actions taken by respective state governments (including the imposition of lockdowns and other government mandated restrictions).

Whilst the COVID-19 pandemic to date has not significantly impacted the operations of the Group (refer to "Year in Review" for further details), as at the reporting date a definitive assessment of the future effects of these restrictions (and COVID-19 more generally) on the Group cannot be made.

No other matters or circumstances have arisen since 30 June 2021 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: 24 August 2021

Independent auditor's report to the members of E&P

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
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Sydney, NSW, 2000
Australia

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Independent Auditor's Report to the members of E&P Financial Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of E&P Financial Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 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.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Goodwill and Indefinite Life Intangible Assets – Impairment
 	
As at 30 June 2021 the Group has recognised Goodwill and other Indefinite Life Intangible Assets (Brands) totalling $95.1 million. The Goodwill and other Indefinite Life Intangible Assets comprises 35% of the Group's Total Assets.
 	
Management has performed an impairment assessment and as disclosed in Note 20 has determined impairments in Goodwill and other Indefinite Life Intangible Assets total $11.2 million.
 	
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:
 	
• Future cash flows for the Cash Generating Units ("CGU's");
• Long term growth rates; and
• Discount rates.
	Our procedures included, but were not limited to:
	
	• obtaining an understanding and evaluating the relevant controls associated with the Group's impairment assessment;
	• obtaining the Group's Goodwill and other Indefinite Life Intangible Assets impairment models and:
	  ◦ 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.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Provision for AFCA External Dispute Resolution Claims As at 30 June 2021 the Group has recorded provisions for the future settlement of external dispute resolution claims with the Australian Financial Claims Authority (AFCA) totalling \$7.8 million, which has been recognised as a current provision in the financial statements. The measurement of the provision includes potential resolution outcomes based on historical case outcomes. In addition, at balance date to determine any potential outcome a probability weighting is applied to each resolution outcome for each open case as disclosed in Note 3 (v). As a result, significant judgement is applied in the assumptions and estimates used in determining the provision for each open case at the external dispute resolution stage at 30 June 2021.	Our procedures in relation to our audit of the AFCA provision included, but were not limited to: • obtaining an understanding and evaluating the key controls associated with the assessment for the provision; • obtaining Management's assessment of the open claims including our evaluation of the methodology applied in determining provisioning; • assessing Management's calculation of the provision including a reperformance of the underlying calculations within scenario modelling and evaluation as to the reasonableness of the probability weightings applied to each potential resolution outcome; • reviewing the history and timing of claims submitted and resolved to date to assist in the assessment of the completeness of claims; • on a sample basis, testing the details and payments of claims settled to date; • reviewing certain correspondence with regulatory bodies and external legal advisors to understand the status of claims; • evaluating Management's assessment of virtual certainty in recording associated recoverable amounts from their insurers and evaluation of the measurement of those recoveries, including a review of insurance correspondence; and • assessing the appropriateness of the Group's disclosures in Note 2, 3(v) and 26 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 2021, 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.

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.

Deloitte.

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.

Deloitte.

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 37 to 48 of the Directors’ Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of E&P Financial Group Limited, for the year ended 30 June 2021, 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
DELOITTE TOUCHE TOHMATSU

Tara Hill
Partner
Chartered Accountants
Sydney, 24 August 2021

Additional stock exchange information

DIVIDEND DETAILS

The Board has decided to not declare a dividend in respect of the second half of the 2021 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 2021

There are 2,961 shareholders holding a total of 234,633,959 ordinary shares.

The 20 largest shareholders between them hold 59.08% of the total shares on issue.

SHARE REGISTRY INFORMATION

The following information is correct as at 1 August 2021:

20 LARGEST SHAREHOLDERS

REGISTERED HOLDER	NUMBER OF SHARES HELD	% OR ORDINARY SHARES
MCF3 E&P Holdco Limited	29,733,565	12.67%
J P Morgan Nominees Australia Pty Limited	19,854,628	8.46%
Jolimont Terrace Investments Pty Ltd	15,581,955	6.64%
Washington H Soul Pattinson And Company Limited	8,931,716	3.81%
E&P Employee Investments Pty Limited	8,301,006	3.54%
Wroxby Pty Limited	7,181,088	3.06%
Citicorp Nominees Pty Limited	6,738,547	2.87%
Bki Investment Company Limited	6,631,759	2.83%
Inishail Pty Limited	5,010,148	2.14%
Laver Place Nominees Pty Limited	4,308,334	1.84%
Morey Ankatell Pty Ltd	3,899,285	1.66%
Richard Anthony Lang Hunt	3,753,925	1.60%
Premiership Player Pty Ltd	3,266,084	1.39%
Ohjs Group Pty Limited	2,440,000	1.04%
Walker Street Lb Nominees Pty Limited	2,432,708	1.04%
Washington H Soul Pattinson And Company Ltd	2,410,786	1.03%
Ipch Investments Pty Limited	2,188,372	0.93%
Zonda Capital Pty Ltd	2,134,533	0.91%
Wirreanda Investment Holdings Pty Limited	1,910,150	0.81%
Kernick House Pty Ltd	1,904,261	0.81%

Additional stock exchange information *(cont.)*

DISTRIBUTION OF SHAREHOLDERS

HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% OR ORDINARY SHARES
1 - 1,000	135	79,622	0.03%
1,001 - 5,000	471	1,500,141	0.64%
5,001 - 10,000	1,633	13,245,364	5.65%
10,001 - 100,000	562	18,569,486	7.91%
100,001 and over	160	201,239,346	85.77%
	2,961	**234,633,959**	**100.00%**

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	% OR ORDINARY SHARES
MCF3 E&P Holdco Limited, MCF3B General Partner Limited as general partner of MCF3B Limited Partnership, MCF3 Feeder Services Pty Ltd as trustee of the MCF3 Feeder Trust, Mercury Capital Investments Pty Ltd, MCF3 GP Limited as general partner of the MCF3 NZ Limited Partnership and Clark Perkins together, "Mercury Capital".*	46,692,157	19.90%
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%

* Note: Mercury Capital's shareholdings are held directly through "MCF3 E&P Holdco Limited" and indirectly through nominee accounts including "J P Morgan Nominees Australia Pty Limited".

DIRECTORS' SHAREHOLDINGS

NAME	NUMBER OF SHARES HELD
David Evans	15,812,393
Sally Herman	170,276
Josephine Linden	-
Kevin McCann	305,651
Anthony Pascoe	-

Additional stock exchange information *(cont.)*

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 2021, 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

Sally Herman

Josephine Linden

Kevin McCann

Anthony Pascoe

COMPANY SECRETARY

Paul Ryan

REGISTERED OFFICE

(Principal place of business)

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SHARE REGISTRY

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E&P