EVANS DIXON

ANNUAL REPORT

30 JUNE 2019

Evans Dixon Limited
(ACN 609 913 457)

Contents

Chairman's Letter

26 August 2019

Dear Shareholder,

On behalf of the Board of Directors and Management team, I present to you the Evans Dixon Limited annual report for the financial year ended 30 June 2019.

The 2019 financial year was marked by challenges for our business and for the broader financial services industry in Australia. Our underlying EBITDA of $37.1 million and NPATA of $21.8 million represented a reduction in profitability from the prior year that was accompanied by a decline in our share price. The Board and I are acutely aware of the impact this has on our shareholders. We are working to rectify it.

The main contributors to the reduced profitability of the business were a decline in transaction-related revenues, the reduced number of new Funds Management investment strategies launched and increased corporate and compliance costs. Apart from the performance of the business, the share price has been impacted by concerns related to the performance of the US Masters Residential Property Fund (URF). The Responsible Entity has taken steps to address the strategy and unit price of URF with the goal of realising value for unitholders over time. Continuing to allay the concerns of URF investors remains a priority for the Group.

The Financial Services industry is evolving. It is important that our business continues to change to remain at the forefront of financial services in Australia. Relationships and the culture of client centricity are both key values that underpin the Evans Dixon offering. Maintaining our focus on these values will ensure that we continue to best serve our clients and strengthen the business in these times.

Despite the challenging environment, the core drivers of the Evans Dixon business are positive.

- Net client numbers increased by approximately 300 during FY19, with strong growth recorded in the Evans & Partners high net wealth client base and Funds Under Advice up 10%.
- Funds Under Management grew 21%. We saw strong outperformance across the majority of our domestic and international equity funds. Significantly, the Funds Management business successfully completed a US$200m IPO on the London Stock Exchange for the US Solar Fund. The IPO was supported by institutional and sophisticated investors and endorses the investment mandate of ASX-listed New Energy Solar and the continued growth in solar as a global asset class.

Chairman's Letter *(cont.)*

- Our institutional equities business continues to gain market share and the expansion of our Corporate & Institutional business following the acquisition of Fort Street Advisers in September 2018 has progressed well. It offers an exciting opportunity to grow our client proposition for corporate Australia.

The Board has declared a final fully franked dividend of 3.0 cents per share, resulting in a total fully franked dividend for FY19 of 8.0 cents per share. The dividend reflects a payout ratio of 85% of NPATA for the FY19 year.

Alan Dixon stepped down as CEO during the year and we have appointed Peter Anderson as our new CEO. Peter brings more than 25 years' experience in financial services and has led some of Australia's largest and most complex restructuring engagements, focusing on clarity of strategy and disciplined implementation. The Board and I thank Alan for his contribution as CEO and have confidence in Peter's ability to lead the business and to implement the changes required to return us to growth.

Peter has commenced an operational review that will focus on leveraging our strengths to grow the business, achieving cost efficiencies and on deriving the economies of scale offered by improving the integration across our three businesses.

We understand that the strength of the business is in our clients and our people, which is why we are focused on placing every individual, corporate and institutional client at the heart of what we do.

I would like to thank all shareholders for their continued support of Evans Dixon, and I acknowledge the valuable contribution of the Board, Management team and all staff across the organisation. Their continued efforts will be critical in navigating the current climate and returning the company to growth.

Yours sincerely,

David Evans
Executive Chairman
Evans Dixon Limited

About Evans Dixon

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

- Wealth Advice;
- Corporate & Institutional; and
- Funds Management.

Evans Dixon's focus is to provide high quality market leading financial services through an integrated structuring, investment, execution and advice solution for private clients, institutional clients and corporate clients.

As at 30 June 2019, Evans Dixon Wealth Advice services over 9,300 clients with over $20.1 billion in funds under advice.

Corporate & Institutional advised many leading Australian institutions through the provision of research, corporate advisory, equity capital market and debt capital market services to corporate clients and to the Evans Dixon Wealth Advice network.

The Funds Management segment manages over $6.8 billion of assets across a diverse range of asset classes and strategies.

Evans Dixon has offices across Sydney, Melbourne, Canberra, Brisbane, Adelaide, and New York City.

Year in review

OPERATING AND FINANCIAL REVIEW

FY19 represented the company's first full year as a listed entity but also a challenging time for the business resulting in a reduction in underlying EBITDA relative to a strong prior period. However, the Company's core business drivers continued to trend positively with growth in client numbers, funds under advice, funds under management and market share gains in our institutional equities business. The year also contained a number of key achievements that position the business well for the future, including:

1. the expansion and rebranding of the Company's Corporate and Institutional division following the acquisition of Fort Street Advisers; and
2. the launch of the group's first internationally listed, institutionally focused fund, the US Solar Fund listed on the London Stock Exchange.

Group financial performance by operating segment

A$m	Wealth Advice	Corporate & Institutional	Funds Management	Unallocated Corporate	Total
Net revenue[1]	86.8	55.9	69.4	-	212.1
Direct expenses	(53.1)	(25.0)	(40.9)	-	(119.0)
Allocated expenses	(19.0)	(9.5)	(12.6)	-	(41.1)
Unallocated expenses	-	-	-	(14.9)	(14.9)
Underlying EBITDA[2]	14.7	21.4	15.9	(14.9)	37.1
Underlying NPATA[3]					21.8

Notes:

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

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

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

GROUP PERFORMANCE

The Group recorded gross revenues[1] of $238.6 million with net revenues of $212.1 million after deducting cost of sales. Net revenues were 5% lower than the $223.2 million in the prior corresponding period.

The Group recorded underlying EBITDA of $37.1 million which was 26% lower than underlying EBITDA in the prior corresponding period of $50.1 million. The Group's underlying EBITDA margin of 18% compared to the margin for the prior corresponding period of 23%.

The decrease in underlying EBITDA was due to reduced contributions from the Wealth Advice and Funds Management segments. These divisions were impacted by lower transactional revenue, arising from reduced new product issuance and lower acquisition activity in real asset funds.

EBITDA in the Corporate & Institutional segment was up 8% benefiting from the acquisition and successful integration of Fort Street Advisers (now known as Evans Dixon Corporate Advisory Pty Limited). The acquired business delivered on its strong pipeline of M&A transactions during the period, which was partially offset by a reduction in capital markets revenue resulting from reduced product issuance. The institutional equities business stands to benefit from the Group's improved corporate offering and increased market share.

Underlying net profit after tax before amortisation of acquired intangibles was $21.8 million, down 30% from $31.1 million in the prior corresponding period. This resulted in underlying earnings per share of 9.8 cents, calculated using weighted number of shares outstanding of 223.0 million for the year to 30 June 2019.

NON-IFRS INFORMATION

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

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[1] Excludes interest income of $0.9 million and other non-recurring items of -$0.4 million.

Year in review *(cont.)*

Our non-IFRS financial measures reflect adjustments for items that the Directors consider are one-off or non-recurring in nature. The table below sets out the adjustments to EBITDA and NPAT that were made for FY19 and FY18.

Reconciliation of non-IFRS measures

A$m	FY19	FY18
EBITDA per financial statements	35.1	38.7
Public company costs	-	(0.5)
One-off payments prior to listing	-	10.5
Listing costs	-	1.3
Acquisition related expenses	1.2	0.1
Other items	0.8	-
Underlying EBITDA	**37.1**	**50.1**
Statutory NPAT	16.8	19.3
After tax amount of above adjustments	1.5	7.4
Amortisation of acquired intangibles	3.2	1.4
Costs of extinguishing corporate debt facility	-	3.0
Other tax adjustments	0.3	-
Underlying NPATA	**21.8**	**31.1**

The FY19 underlying EBITDA adjustments include $1.2 million in expenses relating to the acquisition of Fort Street Advisers, due diligence expenses, and other pre-acquisition expenses relating to Evans & Partners ($0.9 million after tax) as compared to $0.1 million in adjustments for FY18 ($0.1 million after tax). Additional FY19 adjustments include $0.8 million in the revaluation of investment in jointly controlled entities arising from changes to New York state legislation and items relating to employee termination payments ($0.6 million after tax). FY18 underlying EBITDA has been adjusted for -$0.5 million in additional costs expected to have been incurred as a public company (-$0.4 million after tax), $10.5 million relating to one-off payments made to the Executive Chairman and CEO prior to the IPO whilst a private company ($6.7 million after tax), and $1.3 million of costs incurred in relation to the IPO including legal and Investigating Accountant fees, prospectus costs and ASX listing costs ($0.9 million after tax).

Year in review *(cont.)*

FY19 underlying NPATA after tax adjustments include $3.2 million relating to amortisation of intangible assets that arose from the merger with Evans & Partners, acquisition of Fort Street Advisers and the company's IPO (FY18: $1.4 million). FY18 underlying NPATA after tax adjustments include $3.0 million in interest expenses relating to the Company's previous corporate debt facility.

DIVIDENDS

The Board has declared a fully franked final dividend of 3.0 cents per share, which is in addition to the fully franked interim dividend of 5.0 cents per share that was declared in February 2019. This brings the total fully franked dividend for financial year 2019 to 8.0 cents per share.

BALANCE SHEET MANAGEMENT

In FY19, there were the following notable movements in the company's balance sheet and capital:

- On 7 September 2018 the Group acquired 100% of Fort Street Advisers (now known as Evans Dixon Corporate Advisory Pty Limited) and made an investment in the Fort Street Capital joint venture. The consideration for this transaction was $23.4 million cash and issuance of 14.3 million shares ($30.5 million equity at $2.13 per share). The Group recognised $42.5 million in intangible assets as a result of this transaction;
- The Group acquired treasury shares for the employee loan funded share plan at a cost of $8.2 million;
- The Group made a US$15m investment in the LSE-listed US Solar Fund alongside 30 of the UK's leading institutional investors; and
- The Group entered into a banking facility with Westpac in the amount of A$15 million. This facility was used to partially finance the investment in US Solar Fund.

As at 30 June 2019, Evans Dixon had net assets of $217.8 million and a strong net cash position of $30.3 million. Management maintains a conservative approach to the ongoing management of the balance sheet to provide operational and strategic flexibility. This is critical to the long-term growth and success of the business.

Year in review *(cont.)*

Group balance sheet

A$m	FY19	FY18
Cash and cash equivalents	45.3	89.1
Intangibles	157.8	117.9
Trade and other receivables	21.2	30.2
Financial assets	23.1	0.9
Other assets	49.5	33.6
Total assets	**296.9**	**271.7**
Borrowings	(15.0)	-
Trade and other payables	(14.1)	(17.4)
Other liabilities	(50.0)	(52.7)
Total liabilities	**(79.1)**	**(70.1)**
Net assets	**217.8**	**201.7**

BUSINESS SEGMENT OVERVIEW

WEALTH ADVICE OVERVIEW AND PERFORMANCE

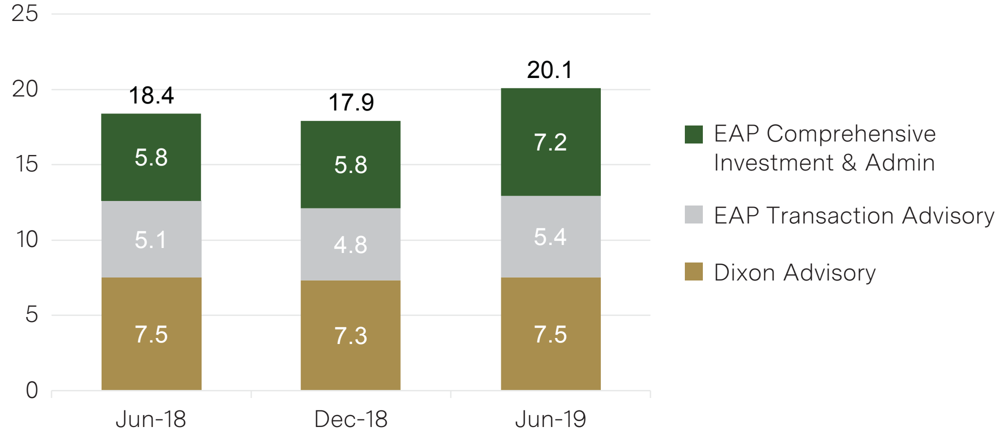
Wealth Advice provides a full-service solution for clients through a complementary suite of services including financial advice, investment advice, stock broking, private wealth management, private client portfolio administration and reporting, self-managed superannuation fund administration, estate planning, property advisory and insurance advice. Wealth Advice operates principally through two separate service offerings being Evans & Partners and Dixon Advisory.

Wealth Advice revenues are primarily derived from fee for service investment and financial advice and administration, asset-based advice revenue and brokerage fees. It also receives fees for participation in equity and debt capital raisings.

During FY19 Wealth Advice realised continued growth in client numbers and funds under advice. As at 30 June 2019, total funds under advice was $20.1 billion which was up 10% on FY18. The total number of clients increased by more than 300 to over 9,300, with strong net growth in Evans & Partners while Dixon Advisory total clients remained stable. The two Wealth Advice brands are attractively positioned in distinct market segments servicing high net wealth and affluent SMSF clients.

Year in review *(cont.)*

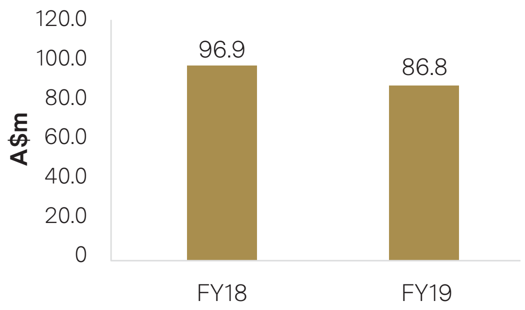
Funds under advice by service type (A$b)



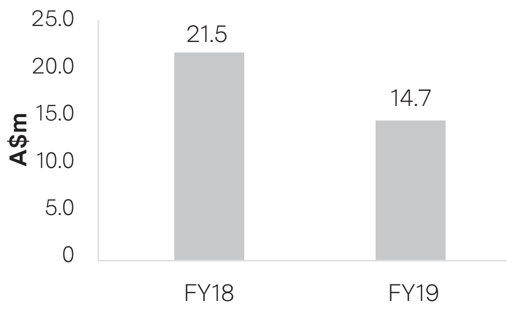
Wealth Advice net revenue for FY19 was $86.8 million, down 10% on net revenue for the prior corresponding period. Underlying EBITDA of $14.7 million was down 32% from underlying EBITDA of $21.5 million in FY18. Performance was negatively impacted by lower revenue derived from capital markets activity due to a reduction in issuance of managed fund products relative to a strong prior period. Offsetting some of this reduction was steady growth in fees for advice and administration services and brokerage.

Over the period, the business continued to invest significantly in client focused advice technologies to drive adviser productivity and compliance and the customer experience. The wealth advice market has been experiencing significant industry challenges as part of an evolving financial services sector. The Group remains relatively well positioned to deal with the changing landscape given its strong compliance culture, well developed compliance systems and a high level of adviser education.

Wealth Advice net revenue



Wealth Advice underlying EBITDA



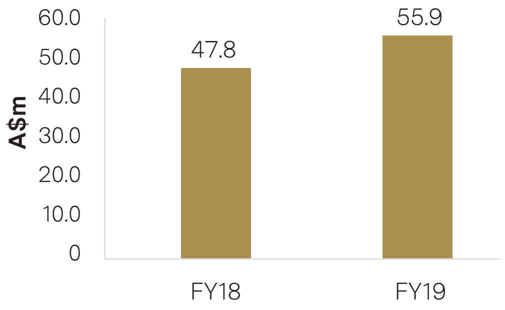
CORPORATE & INSTITUTIONAL OVERVIEW AND PERFORMANCE

Corporate & Institutional 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, advice on IPOs and capital raisings and corporate restructurings.

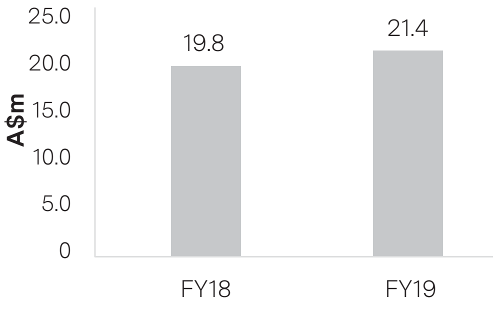
The Corporate and Institutional segment generates revenue through institutional brokerage and securities execution commissions, corporate advisory services fees and debt and equity capital markets advice fees.

In FY19 Corporate & Institutional net revenue was $55.9 million, up 17% from net revenue of $47.8 million in the prior period, with underlying EBITDA of $21.4 million 8% higher. The successful integration of Fort Street Advisers has provided the business with an enhanced capital markets platform and increased corporate advisory expertise. The contribution from corporate advisory revenue relating to Fort Street Advisers offset weaker capital market activity arising from a reduction in new product issuance and corporate raisings. Institutional broking revenue increased 12% compared to the prior corresponding period as the institutional sales team increased its market share position amongst Australian boutiques.

Corporate & Institutional net revenue



Corporate & Institutional underlying EBITDA



Year in review *(cont.)*

Selected FY19 corporate advisory transactions

Regal Funds Management	Carbon Revolution	KKR	PVH (Phillips-Van Heusen Corporation)	Device Technologies	Zenitas Healthcare Limited
May 2019 $282 million	May 2019 $75 million	April 2019 ~$200 million	February 2019 $301 million	January 2019 ~$700 million	December 2018 $160 million
Initial Public Offering Joint Lead Manager	Private Capital Sole Adviser and Joint Lead Manager	Adviser to KKR in relation to its purchase of Coles' pub assets (Spirit Hotels Group)	Adviser to PVH Corp on scheme of arrangement to acquire Gazal Group	Adviser to Device Technologies in relation to its acquisition by Navis Capital Partners	Adviser to Adamantem Capital and Liverpool Partners in relation to Scheme of Arrangement

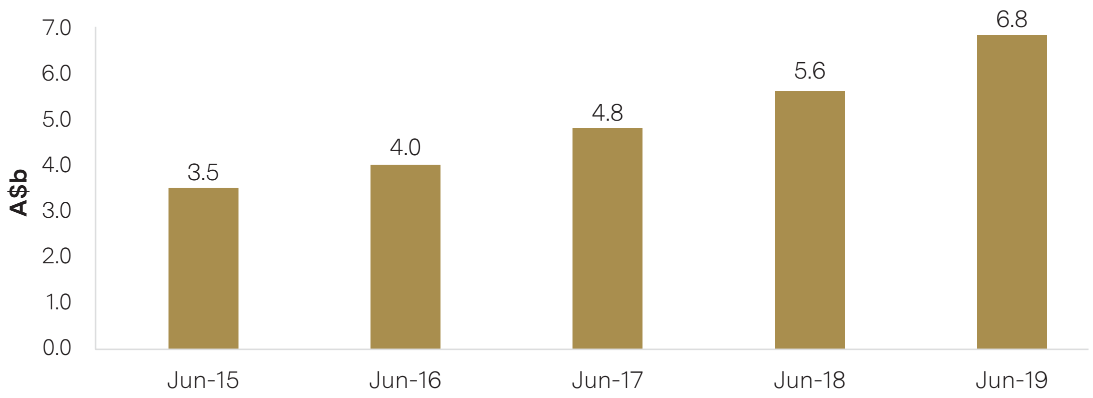
FUNDS MANAGEMENT OVERVIEW AND PERFORMANCE

The Funds Management segment provides investment management solutions tailored to suit the needs of its clients and investors. Funds Management employs a thematic driven approach to investment management and focuses on sectors that present long term investment opportunities supported by strong macroeconomic tailwinds that can be accessed and actively managed with internal and partner capabilities.

Funds Management generates its revenue primarily from investment management fees, revenue for responsible entity and administration services, performance fees, revenue from execution of transactions such as asset acquisitions, disposals and debt arranging, as well as revenue received from design, architectural and project management services.

Funds under management increased by 21% to $6.8 billion during FY19, supported by market growth, positive investment returns and new fund raisings. In FY19 strategically important funds were raised including the LSE-listed US Solar Fund.

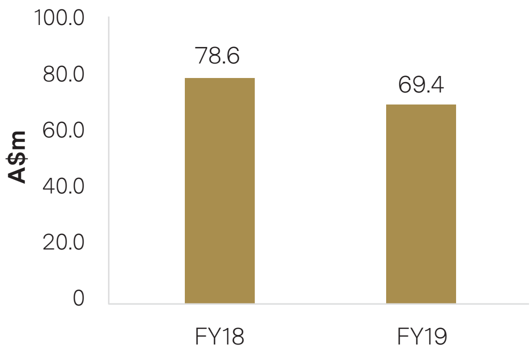
Funds under management



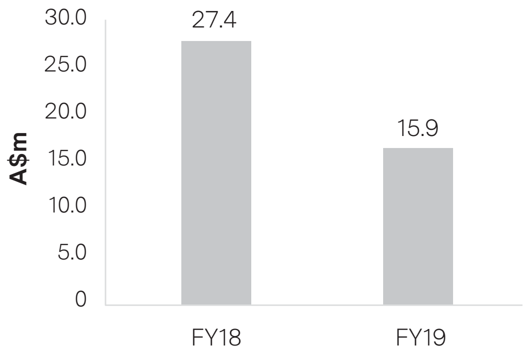
Year in review *(cont.)*

Funds Management net revenue for the period was $69.4 million, 12% lower than net revenue for the prior corresponding period of $78.6 million. Underlying EBITDA of $15.9 million for the period was down 42% from $27.4 million on the prior period as net revenues were impacted by lower transaction and performance fees set against a 6% increase in divisional direct expenses due to the internalisation of direct funds management expenses and the one-off costs associated with new fund raisings. Over the period FUM based fees grew 17% which partly offset a 29% reduction in non-FUM based fees relating to reduced activity in real asset funds and fees waived over the period.

Funds Management net revenue



Funds Management underlying EBITDA



LOOKING AHEAD

In the first months of FY20, the Group has been focused on conducting an operational review to deliver cost efficiencies and further improve cross business integration. This process is ongoing and the near-term focus for management will be finalising and further implementing the outcomes of the review. On a longer-term basis, the Group is aware that the financial services sector is likely to be subject to further change and possibly additional regulation. The Group is confident each of its businesses have the tools for growth over the medium term, which include:

- In Wealth Advice we are attractively positioned to service the growing needs for advice in the affluent and high net wealth client segments. Our well-educated adviser base and its fee for service model is appropriate for the future;
- Our Corporate and Institutional business has well-respected advisory, capital markets, institutional sales and research expertise, underpinned by strong client relationships; and
- Our Funds Management business has a strongly performing suite of investment products and a scalable investment management platform.

Corporate governance statement

INTRODUCTION

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

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

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

ROLE AND RESPONSIBILITIES OF THE BOARD

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

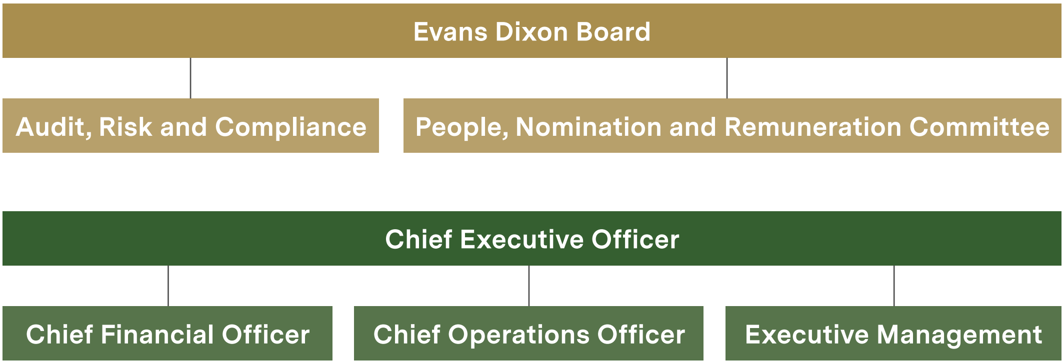
The Board is committed to maximising performance, generating an appropriate level of shareholder value and financial return and sustaining the growth and success of the Group. In conducting the Group's business consistent with these objectives, the Board seeks to ensure that the Group is properly managed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

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

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

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

The below diagram summaries the Company's governance model.



ROLE AND RESPONSIBILITIES OF THE COMPANY SECRETARY

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

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

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

CODE OF CONDUCT

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

The key aspects of this code are to:

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

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

APPOINTMENT OF DIRECTORS

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

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

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

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

BOARD SKILLS MATRIX

The Company seeks to maintain a Board of Directors with a broad range of skills and diversity. The Board has developed the following matrix which lists the skills and industry experience across the five members of the Board as at 30 June 2019.

Skills	Number of directors
Leadership and Strategic Direction	5
Corporate Governance	5
Financial and Accounting	5
Risk Based Auditing and Risk Management	5
Legal and Regulatory Compliance	5

Industry Experience	Number of directors
Financial Markets	5
Wealth Management	5
Funds Management	5
Corporate Advisory	5
Legal and Regulatory Compliance	5

Corporate governance statement *(cont.)*

COMPOSITION OF THE BOARD FOR FY2019

The Company's Board as at 30 June 2019 comprised of majority independent members:

Director	Position
David Evans	Executive Chairman[1]
Alan Dixon	Managing Director & Chief Executive Officer (1 July 2018 – 12 June 2019)[2]
Sally Herman	Independent Non-Executive Director
Josephine Linden	Independent Non-Executive Director
David Crawford AO	Independent Non-Executive Director (1 July 2018 – 5 April 2019)
Peter Anderson	Independent Non-Executive Director (5 April 2019 – 8 July 2019)[1]

[1] David Evans assumed the responsibilities of CEO as at 12 June 2019 following Alan Dixon stepping aside from his role as CEO. On 8 July 2019, the Company announced the appointment of Peter Anderson as its new CEO. Under his new appointment, Peter Anderson resigned from his role as an independent Non-Executive Director of the Company effective 8 July 2019.

[2] Following stepping down as CEO, Alan Dixon continues to remain as a Director on the Company's Board.

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.

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.

Corporate governance statement *(cont.)*

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 on the Board. The Board agreed to not have less than 30% of each gender at all times as a measurable objective for FY 2019.

GENDER DIVERSITY DATA

The proportion of men and women employed by the Company as at 30 June 2019 is set out in the table below.

Level	Men	Women
Board	60%	40%
Key Management Personnel (excluding Directors)	50%	50%
Employees	57%	43%

INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT FOR DIRECTORS

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

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

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

Corporate governance statement *(cont.)*

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 Board's 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 is responsible for collating the responses from each director and presenting the aggregated information to the Board for discussion and feedback; and
- results from the current questionnaire may be benchmarked against data gathered through the performance evaluation process conducted in prior years.

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

SENIOR EXECUTIVE PERFORMANCE EVALUATION PROCESS

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

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

A performance evaluation for the senior executives, including the CEO was undertaken in FY2019 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.

Corporate governance statement *(cont.)*

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

SECURITIES TRADING POLICY

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

The policy is intended to explain the types of conduct in relation to dealings in shares of the Company that are prohibited under the Corporations Act and establish procedures in relation to Directors, officers, employees, key management personnel or Associates dealing in shares of the Company. The securities trading policy defines certain 'trading windows' during which trading in shares of the Company by directors, officers and certain key management personnel is permitted. In all instances, buying or selling of shares of the Company is not permitted at any time by any person who possesses price-sensitive information.

MARKET DISCLOSURE POLICY

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

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

SHAREHOLDER COMMUNICATIONS POLICY

The Board's aim is to provide shareholders with sufficient information to assess the performance of the Company and to inform them of major developments affecting the affairs of the Company relevant to shareholders in accordance with all applicable laws.

The Company has adopted a Shareholders Communications Policy which aims to promote effective communication with its shareholders and encourage effective participation at general meetings of the Company.

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 will be addressed at the meeting.

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

BOARD COMMITTEES

PEOPLE, NOMINATION AND REMUNERATION COMMITTEE

The Board has established a People, Nomination and Remuneration Committee to help the Board fulfil its statutory, fiduciary and regulatory responsibilities and 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.

Corporate governance statement *(cont.)*

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 FY2019 were:

- Sally Herman (Chairman, Independent Non-Executive Director)
- Josephine Linden (Independent Non-Executive Director)
- David Evans (Executive Director)

AUDIT, RISK & COMPLIANCE COMMITTEE

Due to the Company's size and commonality of committee members, in February 2019 the Company agreed to combine the Audit Committee with the Risk & Compliance Committee. The role of the combined 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.

Corporate governance statement *(cont.)*

The CEO and CFO 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 FY2019 were:

- David Crawford AO (Chairman, Independent Non-Executive Director) (1 July 2018 – 5 April 2019)
- Peter Anderson (Chairman, Independent Non-Executive Director) (5 April 2019 – 8 July 2019)
- Josephine Linden (Independent Non-Executive Director)
- Sally Herman (Independent Non-Executive Director) (Chairman from 8 July 2019)

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 35.

AUDIT AND RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

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

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

INTERNAL AUDIT FUNCTION

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

Corporate governance statement *(cont.)*

MATERIAL EXPOSURE TO SUSTAINABILITY RISKS

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

Other key risks include:

- regulatory risk, compliance and legislative change;
- changing market conditions;
- increased market competition and disintermediation;
- reputation and brand risk;
- failure to attract and retain skilled personnel and key senior executives;
- operating systems, processing and controls failure;
- professional liability risk;
- information systems and cyber risk; and
- foreign exchange rate risk.

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

FINANCIAL STATEMENTS DECLARATIONS

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

The CEO and CFO have provided a written statement in compliance with section 295A of the Corporations Act in respect of the 2019 full year statutory accounts of the Company.

REMUNERATION POLICIES AND PRACTICES

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

EQUITY BASED REMUNERATION SCHEMES

The Board has approved two equity based remuneration schemes, a loan funded share plan (**LFSP**) and an Options & Rights Plan (**ORP**). During the period the company has issued interests in the LFSP 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 are provided in the notes to the financial statements (see page 111 of the Annual Report).

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

Directors' Report

INTRODUCTION

The Directors of Evans Dixon Limited (the **Company**) submit herewith the annual report of the consolidated entity comprising the Company and its controlled entities (herein referred to as the **Group**) for the financial year ended 30 June 2019. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report as follows:

DIRECTORS

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

- David Evans, Executive Chairman
- Alan Dixon, Executive Director
- Sally Herman, Non-Executive Director
- Josephine Linden, Non-Executive Director
- Peter Anderson, Non-Executive Director (appointed 5 April 2019, resigned 8 July 2019)
- David Crawford AO, Non-Executive Director (resigned 5 April 2019)

COMPANY SECRETARIES

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

- Simon Barnett
- Warwick Keneally (appointed 8 July 2019)
- Tristan O'Connell (resigned 8 July 2019)

INFORMATION ON CURRENT DIRECTORS

Member of:

People, Nomination and Remuneration Committee

DAVID EVANS

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

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

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

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

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

ALAN DIXON

Alan Dixon has been a director of Evans Dixon since December 2015.

Alan Dixon is Chief Executive Officer of Dixon Advisory USA, a leader in the US urban single-family home rental business. He 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. Evans Dixon has over $18 billion of assets under advice.

Alan joined Dixon Advisory in January 2001. Prior to joining Dixon Advisory, Alan worked in Chartered Accountancy and Investment Banking roles in Australia.

Alan is a Director of New Energy Solar Limited, an ASX listed infrastructure company focused on solar power generating assets. He holds a Bachelor of Commerce from the Australian National University and is a member of the Institute of Chartered Accountants in Australia.

Chairman of:

People, Nomination and Remuneration Committee

Audit, Risk and Compliance Committee

SALLY HERMAN

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

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

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

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

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

JOSEPHINE LINDEN

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

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

Josephine serves on private and non-profit boards. She is the Chairman of Lands' End, Director of Sears Hometown & Outlet Stores Inc. and member of the Advance Global Advisory Council. She is the financial advisor for The Prince of Wales Foundation. She is a Trustee for the Collegiate School, and currently chairs the Financing Committee, sits on the Executive Committee and Investment Committee, and served as Treasurer.

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

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

Member of:

People, Nomination and Remuneration Committee

Audit, Risk and Compliance Committee

PETER ANDERSON

Peter has more than 25 years' experience in the restructuring industry, having led a number of large and complex engagements in Australia and internationally.

Peter's extensive commercial experience includes business investigations, strategic reviews, development and implementation of strategic, financial and operational reconstructions, managed wind-downs, the sale of businesses, formal insolvency management, loan portfolio reviews and impaired loan management.

Throughout his career he has had operational responsibility for the restructuring of several prominently listed Australian entities and structured finance projects, as well as major private concerns. He has collaborated with many leading organisations across a broad range of industries, including Slater and Gordon, Hastings Fund Management, Babcock & Brown, Arrium, Wiggins Island Coal Export Terminal, Coomboona Dairies and McAleese. He also regularly advises syndicates of banks, bond holders and hedge funds.

Peter has a Bachelor of Commerce and Diploma of Finance from the University of Melbourne. He is also a member of Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors, the Australian Restructuring Insolvency and Turnaround Association and is a registered liquidator.

INFORMATION ON COMPANY SECRETARIES

SIMON BARNETT

Simon is a corporate lawyer with extensive experience in financial services law. He is a former Director of corporate and commercial law firm Watson Mangioni after previously working at various law firms in New Zealand.

Simon has a Practising Certificate from the Law Society of NSW and has been admitted to the Supreme Court of NSW as a solicitor. He has a Bachelor of Laws and a Bachelor of Arts (Economics) from the University of Otago and is admitted as a Barrister and Solicitor of the High Court of New Zealand.

WARWICK KENEALLY

Warwick is currently Interim Chief Financial Officer of Evans Dixon. Before joining Evans Dixon, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices – and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK and Australia, for a range of Australian, UK, European and USA banks.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Chartered Accountant.

TRISTAN O'CONNELL

Tristan was the Chief Financial Officer of Evans Dixon until 8 July 2019, a position held since joining Dixon Advisory in 2005 after 10 years' experience in corporate financial and management roles within the wholesale financial markets industry. Tristian resigned as a Company Secretary on 8 July 2019.

Tristan has a Bachelor of Commerce from the Australian National University, is a member of CPA Australia and is a Fellow of the Financial Services Institute of Australasia.

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		Audit Committee*		Nomination and Remuneration Committee		Risk and Compliance Committee*	
	A	H	A	H	A	H	A	H
David Evans	11	11	#	#	3	3	#	#
Alan Dixon	11	11	#	#	#	#	#	#
Sally Herman	11	11	6	6	3	3	5	5
Josephine Linden	10	11	6	6	3	3	5	5
Peter Anderson	2	2	1	1	#	#	1	1
David Crawford AO	9	9	5	5	#	#	4	4

A – Number of meetings attended.
H – Number of meetings held during the time the Director held office during the year.
 # – Not a member of committee.
** – During the year, the Audit Committee and Risk and Compliance Committee combined to form the Audit, Risk and Compliance committee*

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES TO NATURE OF ACTIVITIES

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

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 7 September 2018, the Group acquired 100% of the ordinary shares of Fort Street Advisers Pty Limited (now known as Evans Dixon Corporate Advisory Pty Limited). The company acquired is an Australian corporate advisory firm, advising a range of clients across mergers and acquisitions, equity capital markets and debt advisory.

REVIEW AND RESULTS OF OPERATIONS

The consolidated profit of the Group after providing for income tax amounted to $16.8 million (2018: $19.3 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 2019.

DIVIDENDS

Fully franked dividends of $25.1 million (2018: $13.8 million) were declared or paid to shareholders during the year as follows:

- 6 cents per share paid on 10 October 2018 amounting to $13.5 million; and
- 5 cents per share paid on 11 April 2019 amounting to $11.6 million.

SUBSEQUENT EVENTS

The Group announced the appointment of Peter Anderson as Chief Executive Officer, with immediate effect from 8 July 2019. From this date, Peter stepped down from the Board pending the appointment of another independent non-executive director to ensure an appropriate balance of independent directors be maintained.

The Board has declared a fully franked dividend of 3.0 cents per share that is expected to be paid on 11 October 2019.

No other matters or circumstances have arisen since 30 June 2019 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 *APES110 Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included immediately after this report on page 51.

Directors’ Report *(cont.)*

ROUNDING OFF OF AMOUNTS

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

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

On behalf of the Directors,

David Evans	Sally Herman
Director	Director

Dated: 26th August 2019

Directors' Report: Remuneration Report

The Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Evans Dixon Limited's key management personnel for the year ended 30 June 2019. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

- Details of Key Management Personnel (**KMP**)
- Remuneration policies and practices
- Relationship between the remuneration policy and group performance
- Remuneration of Non-Executive Directors
- Details of Non-Executive Directors remuneration for the year ended 30 June 2019
- Remuneration of Executive KMP
- Details of Executive KMP remuneration for the year ended 30 June 2019
- Key terms of employment contracts – Executive KMP
- KMP equity holdings
- Other transactions with KMP

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

DETAILS OF KEY MANAGEMENT PERSONNEL (KMP)

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

Name	Role	Period
David Evans	Executive Director and Executive Chairman	1 July 2018 – 30 June 2019
Alan Dixon	Executive Director and Group Chief Executive Officer	1 July 2018 – 12 June 2019
	Executive Director	12 June 2019 – 30 June 2019
Sally Herman	Non-Executive Director	1 July 2018 – 30 June 2019
Josephine Linden	Non-Executive Director	1 July 2018 – 30 June 2019
Peter Anderson	Non-Executive Director (resigned 8 July 2019)	5 April 2019 – 30 June 2019
David Crawford AO	Non-Executive Director	1 July 2018 – 5 April 2019
Parrish Davis	Group Chief Operating Officer	1 July 2018 – 30 June 2019
Tristan O'Connell	Group Chief Financial Officer (resigned 8 July 2019)	1 July 2018 – 30 June 2019

REMUNERATION POLICIES AND PRACTICES

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

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

Executive remuneration and incentive policies and practices are designed to:

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

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

RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND GROUP PERFORMANCE

The review of the performance of the Executive KMP includes both qualitative and quantitative factors, including the financial performance of the Group. The Executive KMP and Senior Executives remuneration levels, including annual bonus outcomes are recommended by the CEO & Managing Director, endorsed by the People, Nomination and Remuneration Committee and approved by the Board. The three Non-executive Directors receive a fixed fee regardless of Group performance.

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

Performance of KMP	FY19	FY18	% Change
Statutory EBITDA ($ million)	35.1	38.7	(9%)
Statutory NPAT ($ million)	16.8	19.3	(13%)
Statutory EPS (cents per share)	7.5	11.5	(35%)
Underlying EBITDA ($ million)	37.1	50.1	(26%)
Underlying NPATA ($ million)	21.8	31.1	(30%)
Underlying EPS (cents per share)	9.8	14.5	(32%)
Share price at end of year	$0.80	$2.40	(67%)
Interim dividend (cents per share)	5.0	5.0	-
Final dividend (cents per share)	3.0	6.0	(50%)
Key management personnel remuneration ($ million)	2.7	7.9 *	(66%)

**Excludes $10.3m special bonus paid in FY18 – refer to KMP remuneration table*

REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

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

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

DETAILS OF NON-EXECUTIVE DIRECTORS REMUNERATION FOR THE YEAR ENDED 30 JUNE 2019

Sally Herman received $200,000 for her role as Non-Executive Director and sitting committee member of: People, Nomination and Remuneration Committee; and Audit, Risk and Compliance Committee for the period 1 July 2018 to 30 June 2019.

Josephine Linden received $200,000 for her role as Non-Executive Director and sitting committee member of: People, Nomination and Remuneration Committee; and Audit, Risk and Compliance Committee for the period 1 July 2018 to 30 June 2019.

Peter Anderson received $46,923 for his role as Non-Executive Director and sitting committee member of: Audit, Risk and Compliance Committee for the period 5 April 2019 to 30 June 2019.

David Crawford AO received $153,846 for his role as Non-Executive Director and sitting committee member of: Audit, Risk and Compliance Committee for the period 1 July 2018 to 5 April 2019.

REMUNERATION OF EXECUTIVE KEY MANAGEMENT PERSONNEL

In this remuneration report, the term 'Executive KMP' is used to refer to David Evans, Alan Dixon, Parrish Davis and Tristan O'Connell for the period 1 July 2018 to 30 June 2019. 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 semi-annual bonus scheme. The process for determining remuneration is the same for all employees, but in this Remuneration Report the process is described to the extent it applies to Executive KMP.

Each Executive KMP is eligible to participate in the semi-annual bonus scheme. Participation is determined through Executive KMP & Senior Management performance evaluation against group performance, divisional scorecard and individual performance, which includes an assessment of financial and non-financial measures including 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 currently made in cash. The Board delivered on its plan during the period to establish an employee loan funded share plan. Participation in the Plan is subject to vesting conditions, Participants will forfeit their shares if the vesting conditions are not met. Participants who forfeit their shares will not be entitled to any gains. No performance hurdles are attached to the existing tranches under the Plan. Currently no shares have been granted to key management personnel under the Plan.

In addition to the annual bonus scheme, the Executive Chairman and Managing Director & CEO's salary compensation includes a fixed bonus component which is payable six-monthly. The fixed bonus component payable for the Executive Chairman and Managing Director & CEO was waived for the full financial year 2019.

The review of salaries and the payment of bonuses to Executive KMP 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 KMP, 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 revenue, as well as the performance of each Executive KMP appropriately weighted to ensure shared accountability against financial and non-financial measures.

DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION

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

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

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

[3] *On 8 July 2019, Peter Anderson was appointed Chief Executive Officer. In order to maintain an appropriate balance of independent directors, Peter resigned as a director on the same date.*

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

The table below provides the relative proportion of 2019 Executive KMP remuneration, including bonuses:

Executive KMP	Fixed	Variable
David Evans	100%	0%
Alan Dixon	100%	0%
Tristan O'Connell	67%	33%
Parrish Davis	59%	41%

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

30 June 2018	Short term employee benefits				Post employment benefits	Long term employee benefits	
	Salaries and fees $	Bonuses $	Special bonus $	Other $	Super-annuation $	Long service leave $	Total $
Executive KMP							
David Evans	539,951	1,320,000	5,132,075	10,227	20,049	10,312	7,032,614
Alan Dixon	535,000	1,320,000	5,132,075	-	25,000	-	7,012,075
Tristan O'Connell	295,000	875,000	-	21,147	20,049	5,662	1,216,858
Parrish Davis	250,000	425,000	-	500	20,049	4,775	700,324
Christopher Brown [1]	238,655	954,006	-	6,657	15,037	4,565	1,218,920
Paul Ryan [1]	219,048	435,912	-	-	14,605	4,813	674,378
Patrick Broughton [1]	126,241	-	-	6,157	10,913	4,181	147,492
Non-Executive KMP							
Sally Herman	49,877	-	-	-	4,738	-	54,615
Josephine Linden	54,615	-	-	-	-	-	54,615
David Crawford AO	20,138	-	-	-	1,913	-	22,051
Total for the year ended 30 June 2018	**2,328,525**	**5,329,918**	**10,264,150**	**44,688**	**132,353**	**34,308**	**18,133,942**

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

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

KEY TERMS OF EMPLOYMENT CONTRACTS – EXECUTIVE KMP

The major terms and conditions of the employment contracts of those Executive KMP in place from 1 July 2018 to 30 June 2019 are as follows:

EXECUTIVE CHAIRMAN

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

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

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

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

EXECUTIVE DIRECTOR

A controlled entity of the Company, (Dixon Advisory USA Inc (**DAU**)) has entered into an executive services agreement with Alan Dixon to govern his employment as Managing Director & CEO of the Group and of DAU. Effective 12 June 2019, the Company reported Alan Dixon stepped down from his role as Managing Director & CEO of the Group. Key provisions of the executive services agreement which applied during the financial year are as follows:

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

In addition, a restraint deed arrangement was entered into by the Company with the Executive Director in February 2018, under which the Executive Director 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 Director in February 2018.

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

GROUP CHIEF FINANCIAL OFFICER

A controlled entity of the Company, ED Operations Pty Limited (**ED Ops**) has entered into a contract of employment with Tristan O’Connell to govern his employment with the Group as Chief Financial Officer (**CFO**). On 8 July 2019, Tristan O’Connell resigned from this role. Key provisions of the contract of employment are as follows:

- total salary compensation of $295,000 per annum (plus superannuation entitlements);
- the ability to participate in ED Ops’s bonus schemes applicable to the CFO;
- at any time, a right for either ED Ops or the CFO to terminate the CFO’s employment by giving six months’ written notice;
- a right for ED Ops to terminate the CFO’s employment immediately without notice in customary circumstances for a contract of this nature;
- non-compete and non-solicitation restraints as consistent with market practice for a contract of this nature; and
- four weeks annual leave per annum as well as other customary leave entitlements.

GROUP CHIEF OPERATING OFFICER

A controlled entity of the Company, ED Ops, has entered into a contract of employment with Parrish Davis to govern her employment with the Group as Chief Operating Officer (**COO**). Key provisions of the contract of employment are as follows:

- total salary compensation of $295,000 per annum (plus superannuation entitlements) (effective 1 March 2019);
- the ability to participate in ED Ops’s bonus schemes applicable to the COO;
- at any time, a right for either ED Ops or the COO to terminate the COO’s employment by giving six months’ written notice;
- a right for ED Ops to terminate the COO’s employment immediately without notice in customary circumstances for a contract of this nature;
- non-compete and non-solicitation restraints as consistent with market practice for a contract of this nature; and
- four weeks annual leave per annum as well as other customary leave entitlements.

KMP EQUITY HOLDINGS

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

	Opening balance 1 July 2018	Shares acquired during the period to the date of this report	Balance at date of this report
David Evans	14,716,543	95,850	14,812,393
Alan Dixon	41,322,625	200,000	41,522,625
Sally Herman	170,276	-	170,276
Josephine Linden	-	-	-
Peter Anderson	-	-	-
Parrish Davis	1,396,503	-	1,396,503

OTHER TRANSACTIONS WITH KMP

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

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

The Company has become a corporate member of Cathedral Golf Club, a business enterprise controlled by David Evans. Under the membership, the Company may use the golf course for the entertainment of its employees, clients and suppliers. Terms and conditions are based on market rates. During the year corporate membership fees, associated transportation fees and other related costs totalled $210,066 plus GST.

During the financial year, KMP were charged for various services including international equities managed discretionary account services and brokerage totalling $330,812.

POST BALANCE DATE AND LOOKING AHEAD

Subsequent to year end (effective 8 July 2019), the Board appointed Peter Anderson as Chief Executive Officer of the Group. To maintain an appropriate balance of independent Directors, Mr Anderson stood down from the Board. Key terms of Mr Anderson's contract were disclosed to the ASX on 8 July 2019. The terms are appropriately aligned with our strategic initiatives and expectations of stakeholders.

The Chief Executive Officer and the Board head into 2020 with a continued focus on remuneration arrangements for Executives and Senior Management strengthening further the alignment between business performance, risk management, compliance culture and remuneration.

Auditor’s independence declaration

Deloitte.

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The Board of Directors
Evans Dixon Limited
Level 15
100 Pacific Highway
NORTH SYDNEY NSW 2060

26 August 2019

Dear Board Members

Auditor’s Independence Declaration to Evans Dixon Limited

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

As lead audit partner for the audit of the financial report of Evans Dixon Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

FINANCIAL REPORT

Financial report - contents

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Revenue			
Provision of services	5	229,552	294,895
Interest		878	520
Share of profits of associates and jointly controlled entities		2,011	5,069
Other income		6,602	5,873
Total revenue		**239,043**	**306,357**
Expenses			
Employee benefits expense	6	(126,470)	(143,778)
Property design, renovation and maintenance expense	6	(12,446)	(61,161)
Administrative expense		(11,667)	(11,914)
Occupancy expense		(8,185)	(9,002)
Advertising expense		(2,769)	(3,714)
Depreciation and amortisation expense	6	(10,365)	(7,378)
Information technology expense		(9,370)	(8,597)
Rebates and commissions expense		(13,002)	(10,593)
Travel and accommodation expense		(1,991)	(2,195)
Venue and equipment hire expense		(1,625)	(1,498)
Finance costs	7	(163)	(4,219)
Business acquisition costs		(333)	-
IPO related expenses		-	(1,343)
Other expenses		(15,249)	(13,377)
Total expenses		**(213,635)**	**(278,769)**
Profit before income tax expense		**25,408**	**27,588**
Income tax expense	9	(8,630)	(8,318)
Profit for the year		**16,778**	**19,270**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		701	464
Effective portion of changes in fair value of cash flow hedge		-	425
Items that will not be reclassified subsequently to profit or loss			
Fair value gain on financial assets measured at FVTOCI		375	-
		1,076	889
Total comprehensive income for the year		**17,854**	**20,159**
Earnings per share			
Basic (cents per share)	10	7.5	11.5
Diluted (cents per share)	10	7.5	11.5

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

Consolidated statement of financial position

As at 30 June 2019

	Note	2019 $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents	12	45,252	89,147
Trade and other receivables	13	21,161	30,020
Assets classified as held for sale	18	14,402	-
Current tax assets	9	3,794	516
Inventories	14	149	139
Prepayments		2,524	1,280
Total current assets		**87,282**	**121,102**
Non-current assets			
Investments accounted for using the equity method	15	21,978	6,701
Investments in financial assets	18	8,735	903
Property, plant and equipment	19	15,399	19,563
Goodwill and other indefinite life intangible assets	20	136,442	94,945
Finite life intangible assets	21	21,315	22,976
Investment property	23	1,430	1,588
Trade and other receivables	13	-	167
Deposits		3,837	3,047
Prepayments		512	753
Total non-current assets		**209,648**	**150,643**
Total assets		**296,930**	**271,745**
Liabilities			
Current liabilities			
Trade and other payables	24	14,119	17,362
Borrowings	25	15,000	-
Contract liabilities	26	12,251	14,716
Provisions	27	28,146	25,064
Other current liabilities	28	514	500
Total current liabilities		**70,030**	**57,642**
Non-current liabilities			
Provisions	27	3,082	2,751
Other non-current liabilities	28	3,099	5,439
Deferred tax liabilities	9	2,965	4,261
Total non-current liabilities		**9,146**	**12,451**
Total liabilities		**79,176**	**70,093**
Net assets		**217,754**	**201,652**
Equity			
Share capital	29	321,766	298,970
Reorganisation reserve	30	(135,099)	(135,099)
Investment revaluation reserve	31	375	-
Foreign currency translation reserve	32	3,625	2,924
Share based payment reserve	33	572	-
Retained profits	35	26,515	34,857
Total equity		**217,754**	**201,652**

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 2019

	Share capital $'000	Reorg -anisation reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Investment revaluation reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2017	162,710	(135,099)	(425)	2,460	-	-	29,427	59,073
Profit after income tax expense for the year	-	-	-	-	-	-	19,270	19,270
Other comprehensive income for the year, net of tax	-	-	425	464	-	-	-	889
Total comprehensive income for the year	-	-	425	464	-	-	19,270	20,159
Transactions with owners in their capacity as owners:								
Issue of shares	135,440	-	-	-	-	-	-	135,440
Dividends paid	-	-	-	-	-	-	(13,840)	(13,840)
Other transactions with shareholders	820	-	-	-	-	-	-	820
Balance at 30 June 2018	**298,970**	**(135,099)**	**-**	**2,924**	**-**	**-**	**34,857**	**201,652**
Balance at 1 July 2018	298,970	(135,099)	-	2,924	-	-	34,857	201,652
Profit after income tax expense for the year	-	-	-	-	-	-	16,778	16,778
Other comprehensive income for the year, net of tax	-	-	-	701	-	375	-	1,076
Total comprehensive income for the year	-	-	-	701	-	375	16,778	17,854
Transactions with owners in their capacity as owners:								
Issue of shares	38,385	-	-	-	-	-	-	38,385
Treasury shares acquired	(15,589)	-	-	-	-	-	-	(15,589)
Equity-settled share-based payments	-	-	-	-	572	-	-	572
Dividends paid	-	-	-	-	-	-	(25,120)	(25,120)
Balance at 30 June 2019	**321,766**	**(135,099)**	**-**	**3,625**	**572**	**375**	**26,515**	**217,754**

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 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		261,036	310,761
Payments to suppliers and employees		(226,515)	(281,060)
IPO expenses paid		-	(1,343)
Interest received		878	520
Interest paid		(163)	(2,869)
Income and other taxes paid		(12,431)	(11,635)
Net cash generated by operating activities	41	**22,805**	**14,374**
Cash flows from investing activities			
Cash acquired on purchase of subsidiary	22	1,969	-
Acquisition of subsidiary	22	(20,403)	-
Payments for investments in jointly controlled entities		(7,336)	(487)
Purchase of property, plant and equipment		(1,722)	(5,292)
Proceeds from sale of property, plant and equipment		46	22
Purchase / development costs of intangible assets (software)		(3,030)	(2,315)
Restraint payments made		-	(10,000)
Purchase of financial assets		(21,139)	(18)
Dividends received from associate entities		2,604	4,751
Net cash used in investing activities		**(49,011)**	**(13,339)**
Cash flows from financing activities			
Proceeds from borrowings		15,000	10,000
Repayment of borrowings		-	(78,000)
Dividends paid		(24,628)	(13,840)
Issue of share capital		-	136,260
Purchase of treasury shares		(8,220)	-
Net cash (used in) / generated by financing activities		**(17,848)**	**54,420**
Net (decrease) / increase in cash and cash equivalents		(44,054)	55,455
Cash and cash equivalents at the beginning of the financial year		89,147	33,543
Effect of exchange rate fluctuations on cash held		159	149
Cash and cash equivalents at the end of the financial year	12	**45,252**	**89,147**

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

Notes to the consolidated financial statements

30 June 2019

1. GENERAL INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

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

The financial statements were authorised by the directors for issue on 26th August 2019.

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,

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

BASIS OF CONSOLIDATION

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

BUSINESS COMBINATIONS

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 translations

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

ii. Translation of financial reports of foreign operations

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

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

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

ii. Depreciation

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

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

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

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

NON CURRENT ASSETS HELD FOR SALE

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 intangible assets is:

Computer software	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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

iv. Derecognition of intangible assets

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

IMPAIRMENT OF ASSETS

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

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

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

INVESTMENT PROPERTY

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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, and borrowings.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

EMPLOYEE BENEFITS

SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS

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

INVENTORIES

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

EARNINGS PER SHARE

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

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

TAXATION

The Australian entities within the Group form a tax-consolidated group under Australian taxation law, of which Evans Dixon Limited is the head entity. On 7 September 2018, Fort Street Advisers Pty Limited (now known as Evans Dixon Corporate Advisory Pty Limited) joined the Evans Dixon Limited tax-consolidated group.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

- **Advisory, administration and brokerage** includes financial strategy advice and estate planning advice where revenue is charged and recognised on a time incurred basis when the service is provided, as well as brokerage commissions where revenue is recognised at the point in time when the transaction is settled. Also included within this category is asset and investment management advisory and SMSF accounting and tax services where revenue is recognised on a straight-line basis over the period the services are performed and the customer consumes the benefit associated with the services;
- **Corporate advisory revenue** includes services provided to corporations in respect of mergers, acquisitions, equity and debt capital market transactions, where revenue is recognised at the point the transaction is finalised, generally coinciding with the time the Group's non-extinguishable entitlement to its fee is established. Also included within the category is institutional brokerage commission revenue which is recognised at the point in time the trade transaction is settled;
- **Funds management** includes responsible entity and administration services, investment management and accounting services where revenue is recognised on a straight-line basis over the time the services are performed. Also included within this category is asset management services where revenue is recognised at the point in time the purchase or sale transaction is finalised, generally coinciding with the time the Group's entitlement to its fee is established. Additionally, performance fee variable consideration is recognised when it is reliably measurable (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 generally recognised at the point in time the service is provided, on a progressive basis for large-scale projects as the customer obtains the benefits of the services or at the point in time the service is provided for short-term, ad-hoc advice services.

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**).

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 34.

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

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 2018. The adoption of these standards did not have any material impact on the financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

AASB 9 FINANCIAL INSTRUMENTS

In the current year, the Group has applied *AASB 9* Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 July 2018.

AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and
- General hedge accounting.

The Group has adopted the new standard retrospectively, subject to application of the special transition provisions available by the standard, and as a result the comparatives have not been restated.

The application of *AASB 9* has not had a material impact on amounts reported in respect of the Group's financial assets and liabilities. The only impact has been moving from an incurred loss model to an expected loss model in respect of financial assets (principally its trade receivables), however this has not materially changed the amount of impairment provisions as at 30 June 2019.

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 July 2018. The Group has adopted the "modified retrospective approach" in implementation of the standard, which allows an adjustment to equity reflecting the change in net assets arising at the application date, with no restatement of comparatives. There was no such adjustment arising in the initial implementation of the standard. *AASB 15* introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in *AASB 15* to deal with specific scenarios.

The core principle of *AASB 15* is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under *AASB 15*, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Group recognises revenue from the following major sources:

- Advisory, administration and brokerage
- Corporate advisory revenue
- Funds management
- Project service fees

As detailed under the 'Revenue recognition' accounting policy, revenue is recognised when the performance obligations have been satisfied and the goods and services underlying the particular performance obligation are transferred to the customer. The identification of separate delivery components, timing of meeting performance obligations and the recognition of revenue under *AASB 15* is considered to be consistent with the Group's historical recognition under *AASB 118 Revenue*, and therefore there have not been any material financial impacts from the adoption of this new standard commencing 1 July 2018, other than additional disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

Standard / interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 Leases	1 January 2019	30 June 2020
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128], AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022	30 June 2023
AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	1 January 2019	30 June 2020
AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	1 January 2019	30 June 2020
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019	30 June 2020
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020	30 June 2021
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020	30 June 2021
Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

AASB 16 LEASES

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. *AASB 16* will supersede the current lease guidance including *AASB 117 Leases* and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of *AASB 16* for the Group will be 1 July 2019.

AASB 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases or leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under *AASB 117* are presented as operating cash flows; whereas under the *AASB 16* model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Furthermore, extensive disclosures are required by *AASB 16*.

The Group is in the process of completing its assessment of the impact on its consolidated financial statements. The most significant impact identified is that the Group will recognise new assets and liabilities for the operating leases of its premises. In addition, the nature of the expenses related to those leases will now change as *AASB 16* replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the assessment. As at the end of the reporting period, the Group has non-cancellable operating lease commitments of $55.6 million (see Note 37), which includes $12 million in respect of a lease which commences in August 2020.

The ultimate lease liability to be recognised on adoption of *AASB 16* will be impacted by the reasonable certainty of option periods to be included in the lease term, and by the discounting of lease payments by the incremental borrowing rate at the date of transition. Furthermore, lease liabilities will only be recognised at the date the lease occupancy period commences. Certain aspects of the final impact of these factors are still in the process of being finalised.

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 assessments including investment properties, equity investments and equity settled transactions;
- recognition and useful life assessments of property, plant and equipment and other finite life intangible assets including customer relationships and restraint covenants;
- impairment assessments of trade receivables and deferred tax assets recognised;
- estimates inherent in employee entitlements and other provision calculations including bonuses; and
- meeting recognition criteria of revenue, including performance service fees and corporate transaction fees (refer (ii) below).

(i) Goodwill and other intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate that goodwill or other indefinite life intangible assets (with a total carrying value of $136.4 million at balance date), have suffered any impairment in accordance with the accounting policy stated in Note 2. Impairment assessments include significant judgements and estimates applied in determining inputs in the impairment models, including future cash flows, discount rates and growth rates (see Note 20).

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

Software, customer relationships, contracts in progress and restraint payment assets (total carrying value $21.3 million at balance date), are finite intangible assets that are amortised over their expected lives. Assets subject to amortisation are reviewed for impairment whenever events or circumstances arise that indicate the carrying amount of the asset may be impaired. Judgements and estimates are inherent in impairment assessments which are based on inputs including future cash flows, discount rates and growth rates. Judgement is also applied in 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 criteria relating to "transfer control".

4. SEGMENT INFORMATION

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

- Wealth Advice
- Corporate & Institutional (formerly 'Capital Markets')
- Funds Management

4. SEGMENT INFORMATION (cont.)

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

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

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

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

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

4. SEGMENT INFORMATION (cont.)

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

	Wealth Advice $'000	Corporate & Institutional $'000	Funds Management $'000	Corporate Unallocated $'000	Total $'000
Year ended 30 June 2019					
Revenue					
Provision of services	90,797	60,534	78,221	-	229,552
Recognised as follows:					
At a point in time	19,580	57,530	7,055	-	84,165
Over time	71,217	3,004	71,166	-	145,387
Share of profits of associates and jointly controlled entities	44	-	1,967	-	2,011
Other income	211	-	6,391	-	6,602
Total revenue (excl. interest)	**91,052**	**60,534**	**86,579**	**-**	**238,165**
Direct expenses					
Total direct expenses	(57,323)	(29,679)	(58,498)	-	(145,500)
Overhead expenses					
Total overhead expenses	(14,084)	(4,779)	(9,852)	-	(28,715)
Allocated staff expenses					
Total allocated staff expenses	(4,921)	(4,680)	(2,745)	-	(12,346)
Unallocated group staff expenses					
Total unallocated group staff expenses	-	-	-	(14,946)	(14,946)
Unallocated group other expenses					
Total unallocated group other expenses	-	-	-	(1,600)	(1,600)
Earnings before interest, taxation, depreciation and amortisation	**14,724**	**21,396**	**15,484**	**(16,546)**	**35,058**
Depreciation and amortisation expense	-	-	-	(10,365)	(10,365)
Earnings before interest and taxation	**14,724**	**21,396**	**15,484**	**(26,911)**	**24,693**
Interest revenue	-	-	-	878	878
Finance costs	-	-	-	(163)	(163)
Profit before taxation	**14,724**	**21,396**	**15,484**	**(26,196)**	**25,408**
Income tax expense					(8,630)
Net profit after taxation					**16,778**

4. SEGMENT INFORMATION (cont.)

	Wealth Advice $'000	Corporate & Institutional $'000	Funds Management $'000	Corporate Unallocated $'000	Total $'000
Year ended 30 June 2018					
Revenue					
Provision of services	99,162	49,427	146,306	-	294,895
Recognised as follows:					
At a point in time	29,793	47,917	17,157	-	94,867
Over time	69,369	1,510	129,149	-	200,028
Share of profits of associates and jointly controlled entities	67	-	5,002	-	5,069
Other income	1,327	1	4,545	-	5,873
Total revenue (excl. interest)	**100,556**	**49,428**	**155,853**	**-**	**305,837**
Direct expenses					
Total direct expenses	(61,220)	(21,885)	(115,858)	-	(198,963)
Overhead expenses					
Total overhead expenses	(13,601)	(3,731)	(9,552)	-	(26,884)
Allocated staff expenses					
Total allocated staff expenses	(4,258)	(4,060)	(3,067)	-	(11,385)
Unallocated group staff expenses					
Total unallocated group staff expenses	-	-	-	(17,969)	(17,969)
Unallocated group other expenses					
Total unallocated group other expenses	-	-	-	(11,970)	(11,970)
Earnings before interest, taxation, depreciation and amortisation	**21,477**	**19,752**	**27,376**	**(29,939)**	**38,666**
Depreciation and amortisation expense	-	-	-	(7,378)	(7,378)
Earnings before interest and taxation	**21,477**	**19,752**	**27,376**	**(37,317)**	**31,288**
Interest revenue	-	-	-	520	520
Finance costs	-	-	-	(4,220)	(4,220)
Profit before taxation	**21,477**	**19,752**	**27,376**	**(41,017)**	**27,588**
Income tax expense					(8,318)
Net profit after taxation					**19,270**

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

4. SEGMENT INFORMATION (cont.)

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

	2019 $'000	2018 $'000
Revenue from external customers (provision of services revenue)		
Australia	191,347	194,257
United States of America	38,205	100,638
	229,552	**294,895**
Non-current assets		
Australia	199,558	137,744
United States of America	10,090	12,899
	209,648	**150,643**

5. REVENUE

	2019 $'000	2018 $'000
Provision of services revenue		
At a point in time		
Advisory, administration and retail brokerage	19,580	29,793
Corporate advisory and institutional brokerage	57,530	47,917
Funds management	7,055	17,157
Total revenue earned at a point in time	**84,165**	**94,867**
Over time		
Advisory and administration	71,217	69,369
Corporate advisory revenue	3,004	1,510
Funds management (ii)	38,287	46,711
Project service fees (i)	32,879	82,438
Total revenue earned over time	**145,387**	**200,028**
Total provision of services revenue	**229,552**	**294,895**

(i) Effective 1 July 2018, the Group changed its contractual arrangements with US Masters Residential Property Fund (US Masters) relating to the provision of construction and development services. Prior to 30 June 2018 the Group engaged directly with 3rd parties as a principal in the provision of these services and charged US Masters on a cost plus fixed mark-up basis. Since 1 July 2018 the arrangement has changed such that US Masters now engages directly as principal with 3rd party suppliers including settlement of charges rendered, and the Group separately charges its fee for its supervisory services.
As a result of the change in contractual arrangements, revenue is no longer recognised by the Group on a gross billing amount in respect of services provided (representing cost incurred plus fixed mark-up). Under the new arrangement revenue is recognised only on the service fee it charges (representing fixed mark-up percentage on costs incurred by US Masters).

5. REVENUE (cont.)

There is also a corresponding equal reduction in 'Property design, renovation and maintenance expense' relating to the provision of these services. In this regard, the amount recognised in the prior period (year ended 30 June 2018) as 'Project service fees' and 'Property design, renovation and maintenance expense' was $53.7 million respectively. It is noted that project service fee arrangements for customers other than US Masters have remained unchanged. The Group acts as Principal in respect of such arrangements and therefore records the project service fee revenue and associated expenses on a gross incurred basis.

(ii) Effective 1 July 2018, the Group also changed its arrangements with US Masters in respect of the provision of payroll and associated services. Prior to this date, the Group, in an employer capacity, incurred payroll costs and charged these costs back to US Masters, inclusive of a margin.
From 1 July 2018, US Masters incurred these costs directly in an employer capacity and performs all associated administrative HR and Payroll functions. The Group no longer charges any applicable service fee. These changes resulted in an offsetting reduction in 'Funds management revenue' and 'Employee benefit expense'. In this regard, the amount recognised in the prior period (year ended 30 June 2018) as 'Funds management revenue' and 'Employee benefit expense' was $8.5 million respectively.

6. EXPENSES

	2019 $'000	2018 $'000
Profit before income tax includes the following specific expenses		
Employee benefits expense		
Post employment benefits	(5,484)	(4,834)
Employer related taxes	(6,813)	(9,090)
Equity settled employee benefit expense	-	(5,440)
Share based payment expense	(572)	-
Salaries and other employee benefits	(113,601)	(124,414)
	(126,470)	**(143,778)**
Property design, renovation and maintenance expense		
Job sub-contract and materials expense	**(12,446)**	**(61,161)**
Depreciation and amortisation		
Depreciation – property, plant and equipment	(4,655)	(4,048)
Amortisation – computer software	(2,138)	(1,763)
Amortisation – restraint covenants	(2,000)	(700)
Amortisation – customer relationships	(1,063)	(867)
Amortisation – in progress contracts	(509)	-
	(10,365)	**(7,378)**

Other expenses included in the statement of profit or loss and other comprehensive income totalling $15.2m (2018: $13.4m) primarily comprise direct fund costs and other office-related and transportation expenses.

7. FINANCE EXPENSE

Recognised directly in profit or loss:

	2019 $'000	2018 $'000
Interest expense on financial liabilities measured at amortised cost	(163)	(2,337)
Cash flow hedge periodic settlements	-	(272)
Loss on cash flow hedge at termination of swaps	-	(166)
Other finance costs - including facility line fees and amortisation of loan establishment costs	-	(1,444)
Finance expense recognised directly in profit or loss	**(163)**	**(4,219)**

8. REMUNERATION OF AUDITOR

The auditor of the Evans Dixon Limited Group is Deloitte Touche Tohmatsu. During the financial year, the acquired subsidiary of the Group maintained their auditors as Vistra Australia. The following fees were paid or are payable for services provided by Deloitte Touche Tohmatsu and Vistra Australia:

		2019 $'000	2018 $'000
Deloitte Touche Tohmatsu – auditor of Parent entity			
Audit services:	Audit of the Group's annual financial statements	230	190
	Audit of the Group subsidiaries' annual financial statements	136	117
Review services:	Review of the Group's half-year financial statements	126	105
Other services:	Acting as Investigating Accountant for capital raising and listing of Evans Dixon Group	-	210
	Acting as Investigating Accountant for capital raisings and listings of funds managed by Evans Dixon Group	36	512
	Taxation services	3	74
	Aquisition due diligence services	118	-
	Audit fee of managed fund paid by the Group	26	-
	Other	14	65
Total		689	1,273
Deloitte Tax LLP			
Other services:	Taxation services	101	125
Other audit practices – Vistra Australia			
Audit services:	Audit of the Group subsidiary's financial statements	10	-
Other audit practices – Pitcher Partners			
Review services:	Review of the Group subsidiary's half-year financial statements	-	40
		800	**1,438**

9. INCOME TAX

	2019 $'000	2018 $'000
Income tax recognised in profit or loss		
Current tax		
In respect of the current year	8,736	10,331
In respect of prior years	48	99
	8,784	**10,430**
Deferred tax		
In respect of the current year	(154)	(2,112)
Total income tax expense recognised in the current year	**8,630**	**8,318**
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before income tax expense	25,408	27,588
Income tax expense at 30% (2018: 30%)	7,622	8,277
Effect of income that is exempt from taxation	(694)	(1,136)
Effect of expenses that are not deductible in determining taxable profit	988	1,875
Effect of different tax rates of subsidiaries operating in other jurisdiction	(6)	(436)
Losses not recognised as deferred tax asset	259	-
Write off of deferred tax assets not considered recoverable	413	-
Effect on deferred tax balances due to the change in USA jurisdiction's income tax rate from 34% to 21% effective 22nd December 2017	-	(361)
	8,582	**8,219**
Adjustments recognised in the current period in relation to the current tax of prior periods	48	99
Total income tax expense recognised in profit or loss	**8,630**	**8,318**
Current tax assets		
Income tax receivable	3,794	516

9. INCOME TAX (cont.)

Deferred tax balances

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

	2019 $'000	2018 $'000
Deferred tax assets	10,287	9,304
Deferred tax liabilities	(13,252)	(13,565)
	(2,965)	**(4,261)**

Deferred tax assets / (liabilities) in relation to:

	Opening balance $'000	Acquisitions $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Closing balance $'000
2019					
Property, plant and equipment	(556)	51	751	-	246
Intangible assets	(12,231)	(90)	319	-	(12,002)
Provisions, prepayments, accruals, receivables	6,985	716	179	-	7,880
Provision for lease incentives	1,326	-	(363)	-	963
Accrued revenue	(222)	-	(512)	-	(734)
Financial assets at fair value	(391)	-	80	(160)	(471)
Other	828	625	(300)	-	1,153
Deferred tax liabilities	**(4,261)**	**1,302**	**154**	**(160)**	**(2,965)**
2018					
Property, plant and equipment	(1,141)	-	585	-	(556)
Intangible assets	(12,491)	-	260	-	(12,231)
Provisions, prepayments, accruals, receivables	4,937	-	2,048	-	6,985
Provision for lease incentives	1,420	-	(94)	-	1,326
Deferred / (accrued) revenue	1,028	-	(1,250)	-	(222)
Financial assets at fair value	(453)	-	62	-	(391)
Other	327	-	501	-	828
Deferred tax liabilities	**(6,373)**	**-**	**2,112**	**-**	**(4,261)**

Tax losses in respect of which a deferred tax asset has not been recognised at 30 June 2019 total $0.3 million (2018: $nil).

10. EARNINGS PER SHARE

	2019 No.	2018 No.
Weighted average number of ordinary shares		
Weighted average number of ordinary shares during the year used to calculate basic earnings per share	223,000,404	167,206,538

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2019 $'000	2018 $'000
Profit attributable to ordinary shareholders		
Profit attributable to ordinary shareholders	16,778	19,270
Basic earnings per share (cents per share)	7.5	11.5
Earnings used in the calculation of basic earnings per share	16,778	19,270

Diluted earnings per share is the same as basic earnings per share as the treasury shares have no dilutive impact at balance date.

11. DIVIDENDS

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

	2019		2018	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Pre-IPO dividend		-	2.0 cents	3,136
2018 Interim dividend		-	5.0 cents	10,705
2018 Final dividend	6.0 cents	13,530		-
2019 Interim dividend	5.0 cents	11,590		-
		25,120		**13,841**

The franking account balance as at 30 June 2019 was $25.2 million (2018: $22.1 million).

The Board has subsequently declared a fully franked final dividend of 3.0 cents per share ($7.0 million) that is expected to be paid on 11 October 2019.

12. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Cash on hand	3	4
Cash at bank	45,249	89,143
	45,252	**89,147**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Average interest rates during the period were 0.8122% (2018: 0.8143%). Included in cash at bank is $12.6 million (2018: $14.8 million) which is required to be retained to meet various regulatory requirements relating to licences held.

13. CURRENT AND NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Current		
Trade receivables	16,584	25,708
Loss allowance	(8)	(8)
Other receivables and accrued revenue	4,488	4,207
Other related party receivables	97	113
	21,161	**30,020**
Non-Current		
Other receivables	-	167

TRADE RECEIVABLES

The average credit period on sales is 30 days. No interest is charged on trade receivables. The Group 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.

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

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 2019	Expected credit loss rate %	Carrying amount of trade receivables $'000	Allowance for expected credit losses $'000
0-30 days overdue	0.01%	15,680	(1)
31-60 days overdue	0.48%	309	(1)
61-120 days overdue	0.95%	308	(3)
121+ days overdue	11.50%	287	(33)
Other adjustment			30
Total loss allowance		**16,584**	**(8)**

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

	2019 $'000	2018 $'000
Balance at beginning of the year	(8)	(4)
Change in loss allowance	(78)	(5)
Amounts written off	78	1
Balance at end of the year	**(8)**	**(8)**

14. CURRENT ASSETS – INVENTORIES

	2019 $'000	2018 $'000
Appliances and building materials - at cost	149	139

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

	2019 $'000	2018 $'000
Investments in associates	305	602
Investments in jointly controlled entities	21,673	6,099
	21,978	**6,701**

Reconciliation of movement in carry values of jointly controlled entities

	Fort Street Capital $'000	Dixon Associates PE III $'000	CVC Emerging Companies Fund $'000	Other $'000	Total $'000
Balance at 1 July 2017	-	1,600	-	3,907	5,507
Acquisitions	-	175	-	312	487
Share of profits of jointly controlled entities	-	119	-	4,646	4,765
Less: dividends received	-	-	-	(4,750)	(4,750)
Effect of foreign currency exchange differences	-	-	-	90	90
Balance as at 30 June 2018	**-**	**1,894**	**-**	**4,205**	**6,099**
Balance at 1 July 2018	-	1,894	-	4,205	6,099
Acquisitions	11,520	1,758	2,377	180	15,835
Share of profits of jointly controlled entities	555	310	134	857	1,856
Less: dividends received	-	-	-	(2,225)	(2,225)
Effect of foreign currency exchange differences	-	-	-	108	108
Balance as at 30 June 2019	**12,075**	**3,962**	**2,511**	**3,125**	**21,673**

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

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

2019	Fort Street Capital $'000	Dixon Associates PE III $'000	CVC Emerging Companies Fund $'000	Other $'000	Total $'000
Current assets	2,064	8	5,904	2,358	10,334
Non-current assets	22,630	5,290	9,978	9,005	46,903
Current liabilities	(544)	(23)	(88)	(1,435)	(2,090)
Non-current liabilities	-	(260)	-	(3,892)	(4,152)
Net assets	**24,150**	**5,015**	**15,794**	**6,036**	**50,995**
The above amounts of assets and liabilities include the following:					
Cash and cash equivalents	2,061	8	5,904	1,293	9,266
Revenue	2,889	889	1,027	7,872	12,677
Profit/(loss) for the year	2,068	607	858	2,194	5,727
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	**2,068**	**607**	**858**	**2,194**	**5,727**

2018	Fort Street Capital $'000	Dixon Associates PE III $'000	CVC Emerging Companies Fund $'000	Other $'000	Total $'000
Current assets	-	43	-	7,597	7,640
Non-current assets	-	2,809	-	9,149	11,958
Current liabilities	-	(12)	-	(4,891)	(4,903)
Non-current liabilities	-	-	-	(3,446)	(3,446)
Net assets	**-**	**2,840**	**-**	**8,409**	**11,249**
The above amounts of assets and liabilities include the following:					
Cash and cash equivalents	-	43	-	5,684	5,727
Revenue	-	136	-	16,654	16,790
Profit/(loss) for the year	-	124	-	9,320	9,444
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**124**	**-**	**9,320**	**9,444**

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 2019 %	Ownership interest 2018 %
Associates of Evans Dixon Limited			
Evans Dixon Law Pty Limited	Australia	49%	49%
US Select Private Opportunities Fund II, GP LLC	USA	50%	50%
US Select Private Opportunities Fund III, GP LLC	USA	42.5%	42.5%
US Select Private Opportunities Fund IV, GP LLC	USA	42.5%	42.5%
US Select Direct Private Equity, GP LLC	USA	42.5%	42.5%
Jointly controlled entities of Evans Dixon Limited			
Fort Street Real Estate Capital Pty Limited	Australia	75%	50%
Fort Street Real Estate Services Pty Limited	Australia	75%	50%
Fort Street Capital Pty Limited	Australia	50%	-
Laver Place Sub Pty Limited	Australia	33.3%	33.3%
CVC Emerging Companies IM Pty Limited	Australia	50%	-
CVC Emerging Companies Fund	Australia	15.9%	-
Dixon Associates PE III Wholesale Fund*	USA	79%	66.7%
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 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.

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 2019 %	Ownership interest 2018 %
Ultimate parent entity			
Evans Dixon Limited	Australia	100%	100%
Subsidiaries of ultimate parent entity			
ED Operations Pty Limited (previously Dixon Advisory Group Pty Limited)	Australia	100%	100%
Dixon Advisory & Superannuation Services Limited	Australia	100%	100%
Dixon Private Investments Pty Limited	Australia	100%	100%
Dixon Advisory Property Pty Limited	Australia	100%	100%
Dixon Advisory Super Pty Limited	Australia	100%	100%
Dixon Advisory USA Inc	USA	100%	100%
Walsh & Company Investments Limited	Australia	100%	100%
Walsh & Company Asset Management Pty Limited	Australia	100%	100%
Walsh & Company Group Pty Limited	Australia	100%	100%
Dixon Projects LLC	USA	100%	100%
Dixon Asset Management USA Inc	USA	100%	100%
Walker Street Partners Pty Limited	Australia	100%	100%
DGP Inc	USA	100%	100%
US Select Private Opportunities Fund GP LLC	USA	100%	100%
Australian Fund Accounting Services Pty Limited	Australia	100%	100%
Walsh & Company Investment Services Pty Limited	Australia	100%	100%
Dixon International Investments Pty Limited	Australia	100%	100%
URF Investment Management Pty Limited	Australia	100%	100%
Dixon Realty Advisory LLC	USA	100%	100%
New Energy Solar Manager Pty Limited	Australia	100%	100%
Dixon Leasing Property Management LLC	USA	100%	100%
Dixon Realty Advisory New York LLC	USA	100%	100%
Evans and Partners Pty Limited	Australia	100%	100%
EAP Employee Investments Pty Limited	Australia	100%	100%

17. SUBSIDIARIES (cont.)

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	2018 %
Evans and Partners Employee Share Trust*	Australia	-	-
Evans and Partners Investment Management Pty Limited	Australia	100%	100%
NES Development Services Pty Limited	Australia	100%	100%
NES Project Services LLC	USA	100%	100%
ED Employee Investments Pty Limited	Australia	100%	-
Evans Dixon Corporate Advisory Pty Limited (previously Fort Street Advisers Pty Limited)	Australia	100%	-

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

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

	2019 $'000	2018 $'000
Current:		
Financial assets classified as held for sale	14,402	-
Non-Current:		
Financial assets held at FVTOCI	7,201	-
Financial assets held at FVTPL	1,534	903
	8,735	**903**

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

	2019 $'000	2018 $'000
Carrying amounts of		
Furniture and equipment	5,067	5,539
Motor vehicles	147	225
Computer equipment	1,065	1,478
Leasehold improvements	9,120	12,321
	15,399	**19,563**

	Furniture and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Leasehold improvements $'000	Total $'000
Cost					
Balance at 1 July 2017	9,086	624	2,784	13,233	25,727
Additions	1,305	246	803	3,887	6,241
Disposals	(462)	(119)	(164)	(349)	(1,094)
Effect of foreign currency exchange differences	179	16	47	211	453
Balance as at 30 June 2018	**10,108**	**767**	**3,470**	**16,982**	**31,327**
Balance at 1 July 2018	10,108	767	3,470	16,982	31,327
Acquisitions through business combinations	302	-	78	540	920
Additions	510	-	400	929	1,839
Disposals	(105)	(129)	(134)	-	(368)
Transfer on lease assignment	-	-	-	(2,854)	(2,854)
Effect of foreign currency exchange differences	253	28	72	292	645
Balance as at 30 June 2019	**11,068**	**666**	**3,886**	**15,889**	**31,509**
Accumulated depreciation/ amortisation					
Balance at 1 July 2017	(3,643)	(557)	(1,319)	(3,056)	(8,575)
Depreciation/amortisation	(1,267)	(83)	(811)	(1,888)	(4,049)
Eliminated on disposal of assets	393	112	153	310	968
Effect of foreign currency exchange differences	(52)	(14)	(15)	(27)	(108)
Balance as at 30 June 2018	**(4,569)**	**(542)**	**(1,992)**	**(4,661)**	**(11,764)**

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

	Furniture and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Leasehold improvements $'000	Total $'000
Balance at 1 July 2018	(4,569)	(542)	(1,992)	(4,661)	(11,764)
Acquisitions through business combinations	(92)	-	(64)	(281)	(437)
Depreciation/amortisation	(1,262)	(59)	(850)	(2,484)	(4,655)
Eliminated on disposal of assets	36	102	124	-	262
Eliminated on lease assignment	-	-	-	736	736
Effect of foreign currency exchange differences	(114)	(20)	(39)	(79)	(252)
Balance as at 30 June 2019	**(6,001)**	**(519)**	**(2,821)**	**(6,769)**	**(16,110)**
Written down value as at 30 June 2019	**5,067**	**147**	**1,065**	**9,120**	**15,399**

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

	2019 $'000	2018 $'000
Carrying amounts of		
Goodwill – Walsh & Company Investments Limited acquisition	100	100
Goodwill – Evans and Partners Pty Limited acquisition	63,245	63,245
Goodwill – Evans Dixon Corporate Advisory Pty Limited acquisition	41,497	-
Brands	31,600	31,600
	136,442	**94,945**

Cost	Goodwill – Walsh & Company Investments Limited $'000	Goodwill – Evans & Partners Pty Limited $'000	Goodwill – Evans Dixon Corporate Advisory Pty Limited $'000	Brands $'000	Total $'000
CGU					
Balance at 1 July 2017	100	63,245	-	31,600	94,945
Balance as at 30 June 2018	**100**	**63,245**	**-**	**31,600**	**94,945**
Balance at 1 July 2018	100	63,245	-	31,600	94,945
Additions during the year	-	-	41,497	-	-
Balance as at 30 June 2019	**100**	**63,245**	**41,497**	**31,600**	**136,442**

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

- Wealth Advice
- Corporate & Institutional (formerly Capital Markets)
- Funds Management

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

2018	Goodwill – Walsh & Company Investments Limited $'000	Goodwill – Evans & Partners Pty Limited $'000	Goodwill – Evans Dixon Corporate Advisory Pty Limited $'000	Brands $'000	Total $'000
CGU					
Wealth Advice	-	20,509	-	18,757	39,266
Corporate & Institutional	-	41,464	-	10,576	52,040
Funds Management	100	1,272	-	2,267	3,639
Balance as at 30 June 2018	**100**	**63,245**	**-**	**31,600**	**94,945**
2019					
Wealth Advice	-	20,509	-	18,757	39,266
Corporate & Institutional	-	41,464	41,497	10,576	93,537
Funds Management	100	1,272	-	2,267	3,639
Balance as at 30 June 2019	**100**	**63,245**	**41,497**	**31,600**	**136,442**

IMPAIRMENT TESTING

WEALTH ADVICE

The recoverable value of this CGU is determined based on a value in use calculation which uses cash flow projections based on the financial budget approved by the Directors covering the 2020 financial year and a post-tax discount rate of 10.25%. Cash flows beyond FY20 have been extrapolated using a steady 2.5% per annum growth rate which is no higher than the projected long-term average growth rate for the Financial Services sector. Based on these assumptions, there is no impairment to the goodwill of this CGU in the current period.

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

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 FY20 and a 1% increase in the post-tax discount rate applied to cash flow projects.

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

Sensitivity	Impact on impairment assessment	Amount of impairment $'000
A 10% reduction in cash flows	Impairment of CGU	2,745
A 0.25% decrease in terminal growth rate	No impact	-
A 1% increase in discount rate	Impairment of CGU	3,322

AASB 136 requires that where a reasonably possible change in a key assumption would cause a CGU's carrying amount to exceed its recoverable amount, the value at which an impairment first arises must be disclosed. An impairment to the Wealth Advice CGU would first arise if the post-tax discount rate was increased to 10.7% or if there was a 5.2% reduction in cash flows.

CORPORATE & INSTITUTIONAL

The recoverable value of this CGU is determined based on a value in use calculation which uses cash flow projections based on the financial budget approved by the Directors covering the 2020 financial year and a post-tax discount rate of 10.25%. Cash flows beyond FY20 have been extrapolated using a steady 2.5% per annum growth rate which is no higher than the projected long-term average growth rate for the Financial Services sector. 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.

21. NON-CURRENT ASSETS – FINITE LIFE INTANGIBLE ASSETS

	2019 $'000	2018 $'000
Carrying amounts of		
Computer software	5,415	4,504
Customer relationships	8,409	9,172
Restraint covenants	7,300	9,300
Contracts in progress	191	-
	21,315	**22,976**

Cost	Computer software $'000	Customer relationships $'000	Restraint covenants $'000	Contracts in progress $'000	Total $'000
Balance at 1 July 2017	9,995	10,400	-	-	20,395
Additions	2,315	-	10,000	-	12,315
Disposals	(36)	-	-	-	(36)
Effect of foreign currency exchange differences	5	-	-	-	5
Balance as at 30 June 2018	**12,279**	**10,400**	**10,000**	**-**	**32,679**
Balance at 1 July 2018	12,279	10,400	10,000	-	32,679
Acquisitions through business combinations	11	300	-	700	1,011
Additions	3,047	-	-	-	3,047
Disposals	(17)	-	-	-	(17)
Effect of foreign currency exchange differences	8	-	-	-	8
Balance as at 30 June 2019	**15,328**	**10,700**	**10,000**	**700**	**36,728**

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

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

Accumulated amortisation	Computer software $'000	Customer relationships $'000	Restraint covenants $'000	Contracts in progress $'000	Total $'000
Balance at 1 July 2017	(6,043)	(361)	-	-	(6,404)
Amortisation expense	(1,763)	(867)	(700)	-	(3,330)
Eliminated on disposal of assets	34	-	-	-	34
Effect of foreign currency exchange differences	(2)	-	-	-	(2)
Balance as at 30 June 2018	**(7,774)**	**(1,228)**	**(700)**	**-**	**(9,702)**
Balance at 1 July 2018	(7,774)	(1,228)	(700)	-	(9,702)
Acquisitions through business combinations	(9)	-	-	-	(9)
Amortisation expense	(2,131)	(1,063)	(2,000)	(509)	(5,703)
Eliminated on disposal of assets	6	-	-	-	6
Effect of foreign currency exchange differences	(5)	-	-	-	(5)
Balance as at 30 June 2019	**(9,913)**	**(2,291)**	**(2,700)**	**(509)**	**(15,413)**
Written down value as at 30 June 2019	**5,415**	**8,409**	**7,300**	**191**	**21,315**

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

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

22. ACQUISITION OF SUBSIDIARY

On 7 September 2018, the Group acquired 100% of the ordinary shares of Fort Street Advisers Pty Limited (now known as Evans Dixon Corporate Advisory Pty Limited) - the 'Acquiree'. The Acquiree is an Australian corporate advisory firm, advising to a range of clients across mergers and acquisitions, equity capital markets and debt advisory. The strategic rationale of the acquisition included:

- establishment of corporate advisory and enhanced capital markets platform;
- increased exposure to a high performing specialist real estate fund manager;
- expanded industry and sector capabilities; and
- cultural and ethical fit.

Consideration transferred	$'000
Cash	20,403
Shares *	26,607
	47,010

** 12,491,756 ordinary Evans Dixon Limited (ED1) shares issued based on the closing price of ED1 shares of $2.13 on the Australian Stock Exchange on 7 September 2018. Acquisition-related costs amounting to $332,981 have been excluded from the consideration transferred and have been recognised as an expense in profit or loss for the year, within the 'business acquisition costs' line item.*

22. ACQUISITION OF SUBSIDIARY (cont.)

ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE DATE OF ACQUISITION

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	$'000
Current assets	
Cash and cash equivalents	1,969
Trade and other receivables	159
Prepayments	21
Deferred tax assets	1,302
Non-current assets	
Investments	4,608
Property, plant and equipment	486
Finite life intangible assets (customer contracts/relationships)	1,000
Goodwill (refer Note 20)	41,497
Deposits	312
Current liabilities	
Trade and other payables	(1,675)
Provisions	(2,312)
Current tax liabilities	(357)
	47,010

The goodwill of $41.5 million arising from the acquisition reflects the strength of the relationships, networks, expertise and reputation the business and its executives have been able to cultivate. It also reflects the synergies that are expected to arise from the combination of the business with the Evans Dixon Corporate & Institutional division, by leveraging the existing platform and increasing the breadth and quality of offering made available to Evans Dixon's corporate and institutional clients.

Goodwill arising on acquisition	$'000
Consideration transferred	47,010
(Less): fair value of identifiable net assets acquired	(5,513)
Goodwill arising on acquisition	**41,497**

Net cash outflow arising on acquisition	$'000
Consideration paid in cash	20,403
(Less): cash and cash equivalents balances acquired	(1,969)
Net cash outflow arising on acquisition	**18,434**

22. ACQUISITION OF SUBSIDIARY (cont.)

IMPACT OF ACQUISITION ON THE RESULTS OF THE GROUP

Revenue for the year includes $21.4 million in respect of the Acquiree. Included in the profit for the year is $4.3 million attributable to the Acquiree.

Had the acquisition of the Acquiree been affected at 1 July 2018, the revenue of the Group from continuing operations for the year ended 30 June 2019 would have been $240.5 million, and the profit for the year ended 30 June 2019 from continuing operations would have been $17.1 million.

23. NON-CURRENT ASSETS – INVESTMENT PROPERTY

	2019 $'000	2018 $'000
Investment property, at fair value	1,430	1,588

24. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Current		
Trade payables	3,365	3,746
Sundry payables and accrued expenditure	9,025	11,251
GST payable	1,729	2,365
	14,119	**17,362**

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

25. CURRENT LIABILITIES – BORROWINGS

	2019 $'000	2018 $'000
Borrowings – bank overdraft	15,000	-

On 9th April 2019, Evans Dixon Limited entered into a Temporary Overdraft Facility with Westpac Banking Corporation in the amount of $15 million. As at 30 June 2019, this facility was fully drawn. Included in the terms of this facility was the intention by both parties to document a secured cash advance and bank guarantee facility. As at 30 June 2019, this process had yet to be completed.

On 31st July 2019, Evans Dixon Limited entered into a new banking facility with Westpac Banking Corporation which replaced the Temporary Overdraft Facility. The new facility consists of an amortising revolving cash advance facility with a limit of $10 million which is repayable in quarterly instalments through to 30 June 2020. An overdraft facility with a limit of $5 million is established on expiry of the cash advance facility. The facility also includes a bank guarantee facility of $9 million. The Group has entered a general security agreement which provides security over the assets and interests of all wholly owned subsidiaries, other than the Group's Australian Financial Services Licence (**AFSL**) holders.

As at 30 June 2019, Westpac Banking Corporation had issued bank guarantees on behalf of the Group totalling $9 million.

26. CURRENT LIABILITIES – CONTRACT LIABILITIES

	2019 $'000	2018 $'000
Contract liabilities	12,251	14,716

27. CURRENT AND NON-CURRENT LIABILITIES – PROVISIONS

	2019 $'000	2018 $'000
Current		
Employee benefits	28,146	25,064
Non-current		
Employee benefits	1,189	975
Provision for make-good	1,893	1,776
	3,082	**2,751**

Provision for make-good – reconciliation of movement in the current year

Balance at 1 July 2018	1,776
Additional provisions recognised	117
Balance at 30 June 2019	**1,893**

28. CURRENT AND NON-CURRENT LIABILITIES – OTHER

	2019 $'000	2018 $'000
Current		
Lease incentive	514	500
Non-current		
Lease incentive and rental straight-lining	3,099	5,439

29. EQUITY – ISSUED CAPITAL

	Number of shares	Share capital $
Balance as at 1 July 2017	158,099,690	162,709,500
Profit arising from transactions with shareholders – 30 November 2017	-	820,499
Issue of shares – 22 February 2018	4,000,000	5,440,000
Issue of shares – 8 May 2018	52,000,000	130,000,000
Balance as at 30 June 2018	**214,099,690**	**298,969,999**
Issue of shares – 7 September 2018	14,328,489	30,519,677
Issue of shares – 15 April 2019	2,833,139	4,623,966
Issue of shares – 29 April 2019	305,266	496,485
Issue of shares – 31 May 2019	2,133,169	2,744,962
Balance of issued share capital as at 30 June 2019	**233,699,753**	**337,355,089**
(Less): treasury shares acquired/held by Group entities	(9,089,180)	(15,588,832)
Balance as at 30 June 2019	**224,610,573**	**321,766,257**

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

30. EQUITY – REORGANISATION RESERVE

	2019 $'000	2018 $'000
Reserve arising out of corporate reorganisation	(135,099)	(135,099)

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

31. EQUITY – INVESTMENT REVALUATION RESERVE

	2019 $'000	2018 $'000
Investment revaluation reserve	375	-

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

MOVEMENTS IN INVESTMENT REVALUATION RESERVE

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

	2019 $'000	2018 $'000
Balance at the beginning of the year	-	-
Fair value gain on financial assets measured at FVTOCI	535	-
Deferred tax liability arising on revaluation of financial assets	(160)	-
Balance at the end of the year	**375**	**-**

32. EQUITY – FOREIGN CURRENCY TRANSLATION RESERVE

	2019 $'000	2018 $'000
Foreign currency translation reserve	3,625	2,924

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

MOVEMENTS IN FOREIGN CURRENCY TRANSLATION RESERVE

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

	2019 $'000	2018 $'000
Balance at the beginning of the year	2,924	2,460
Exchange differences arising on translating the foreign operations	701	464
Balance at the end of the year	**3,625**	**2,924**

33. EQUITY – SHARE BASED PAYMENT RESERVE

The share based payment reserve represents the cumulative amount of share based payment expense recognised during the respective vesting periods of each tranche of shares that have been issued under the Loan Funded Share Plan (refer Note 34).

MOVEMENTS IN SHARE BASED PAYMENT RESERVE

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

	2019 $'000	2018 $'000
Balance at the beginning of the year	-	-
Share based payment expense recognised in the year	572	-
Balance at the end of the year	**572**	**-**

34. SHARE BASED PAYMENTS

EMPLOYEE SHARE OPTIONS

DETAILS OF THE SHARE OPTION PLAN

During the current year the Group established a Loan Funded Share Plan (**LFSP** or **Plan**) for its Australian domiciled employees (**Participants**).

The Plan will provide assistance for Participants to invest in shares of the Company in order to more closely align the interests of Participants with shareholders of the Group.

The key terms of the Plan are listed as follows:

- The Group may offer certain employees an invitation to apply for a specified number of shares in conjunction with their cash bonus. The Group will provide the Participant with an interest free and limited recourse loan which is used to acquire shares in the Company. The price paid by the Participant for Plan shares is the market value at the time of grant, calculated as the Volume Weighted Average Price (**VWAP**) over the 10 trading days prior to the grant date.
- Loans to Participants under the Plan will be secured on the shares issued to that Participant. The shares will not be transferable until the loan is fully paid. Once the loan has been fully repaid subject to vesting, the shares issued under the Plan will be freely transferable. Shares granted are subject to a vesting period of two, three or four years, however Participants may hold Plan shares for up to seven years at which point the loan must be repaid in full.
- Participation in the Plan is subject to vesting conditions, Participants will forfeit their shares if the vesting conditions are not met. Participants who forfeit their shares will not be entitled to any gains. No performance hurdles are attached to the existing tranches under the Plan. Currently no shares have been granted to key management personnel under the Plan.
- Shares acquired under the Plan rank equally in all respects with all shareholder entitlements for the same class of shares (including but not limited to voting rights, rights issues, dividends and other distributions to, or entitlements of, holders of existing shares) which have a record date for determining entitlements on or after the grant date of the Loan Funded Shares.
- Dividends will be payable on the shares issued under the Plan on the same basis as all other issued fully paid ordinary shares, and will be paid to Participants.

34. SHARE BASED PAYMENTS (cont.)

- The aggregate maximum number of shares that may be issued or allotted under the Plan at any time during the preceding three years will not exceed 10% of the total number of shares on issue.
- Evans Dixon Limited Loan Funded Share Plan Trust holds all Plan shares in trust for the Participants. Plan shares held in Trust for a Participant will be transferred to the Participant, upon the Participant's request, after satisfaction of the vesting conditions or at the Board's discretion.

The carrying value of loans outstanding at balance sheet date was: $15.1 million.

As at 30 June 2019, eight tranches of shares have been issued under the Plan as follows:

LFSP	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Number of securities	2,829,923	475,851	967,327	738,098	1,911,208	726,419	553,858	900,322
Grant date	15-Oct-18	15-Nov-18	15-Apr-19	15-Apr-19	15-Apr-19	31-May-19	31-May-19	31-May-19
Vesting date	15-Oct-22	15-Nov-22	15-Apr-21	15-Apr-22	15-Apr-23	31-May-21	31-May-22	31-May-23
Market value at grant date	$2.00	$1.814	$1.6321	$1.6321	$1.6321	$1.2868	$1.2868	$1.2868

Number of shares granted during the year	9,103,006
Number of shares vested during the year ("good" leaver under the terms of the Plan)	(58,863)
Number of shares forfeited during the year ("other" leaver under the terms of the Plan)	(57,668)
Balance at the end of the year	**8,986,475**

34. SHARE BASED PAYMENTS (cont.)

The shares issued under the Plan 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 was $0.6 million.

LFSP	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Option life	4 years	4 years	2 years	3 years	4 years	2 years	3 years	4 years
Share price at grant date	$2.00	$1.80	$1.61	$1.61	$1.61	$1.19	$1.19	$1.19
Expected volatility	36%	36%	35%	35%	35%	35%	35%	35%
Historical dividend yield	5.50%	6.11%	6.83%	6.83%	6.83%	6.72%	6.72%	6.72%
Risk-free rate	2.21%	2.23%	1.49%	1.44%	1.46%	1.15%	1.13%	1.13%
Fair value per security	$0.815	$0.761	$0.438	$0.574	$0.705	$0.321	$0.421	$0.518
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

35. EQUITY – RETAINED PROFITS

	2019 $'000	2018 $'000
Balance at the beginning of the year	34,857	29,427
Profit attributable to the owners of the Company	16,778	19,270
Payment of dividends	(25,120)	(13,840)
Balance at the end of the year	**26,515**	**34,857**

36. PARENT ENTITY INFORMATION

As of and throughout the financial year ended 30 June 2019, the parent entity of the group was Evans Dixon Limited. The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2019 $'000	2018 $'000
Summarised statement of financial position		
Current assets	95,964	46,480
Non-current assets	337,844	338,929
Total assets	**433,808**	**385,409**
Current liabilities	15,328	1,609
Non-current liabilities	-	-
Total liabilities	**15,328**	**1,609**
Net assets	**418,480**	**383,800**
Equity		
Issued capital	416,935	378,550
Reserves	572	-
Retained profits	973	5,250
	418,480	**383,800**
Summarised statement of profit or loss and other comprehensive income		
Profit for the year, after income tax	20,851	25,838
Other comprehensive loss	-	(425)
Total comprehensive profit	**20,851**	**25,413**

The parent entity does not have any contingent liabilities or contractual commitments as at the end of the financial year (2018: nil). The parent entity has entered into guarantees as outlined in Note 25. 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.

37. OPERATING LEASE ARRANGEMENTS

Evans Dixon Limited holds a number of tenancy leases across Australia and the United States of America which are due to expire over future financial periods.

	2019 $'000	2018 $'000
Payments received recognised as income		
Sub-lease payments received	219	166
Payments recognised as an expense		
Minimum lease payments	8,185	9,002

Minimum lease payments payable over future financial years for non-cancellable operating leases contracted for, but not capitalised, in the financial statements are as follows:

	2019 $'000	2018 $'000
Minimum lease payments payable		
Not later than 12 months	9,280	9,612
Between 12 months and 5 years	35,843	39,534
Greater than 5 years	10,522	21,381
	55,645	**70,527**

38. 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. The Group's principal financial liabilities comprise trade and other payables and borrowings (2018: trade and other payables).

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.

	2019 $'000	2018 $'000
Categories of Financial Instruments		
Financial assets		
Cash and cash equivalents	45,252	89,147
Trade and other receivables	21,161	30,187
Assets classified as held for sale	14,402	-
Investments in financial assets	8,735	903
Deposits	3,837	3,047
Financial liabilities		
Trade and other payables	14,119	17,362
Borrowings	15,000	-

38. FINANCIAL INSTRUMENTS (cont.)

CAPITAL MANAGEMENT

The capital structure of the Group consists of cash (cash and cash equivalents) and equity (comprising contributed equity, 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 Ltd, is a market participant on the ASX and Chi-X, and therefore has an externally imposed capital and liquidity requirement. In addition, the subsidiaries Evans and Partners Pty Ltd, Dixon Advisory & Superannuation Services Limited, Walsh & Company Investments Limited, Walsh & Company Asset Management Pty Limited and Evans Dixon Corporate Advisory Pty Limited all have Australian Financial Services Licenses which require the maintenance of a minimum level of net assets.

FOREIGN CURRENCY RISK

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

	2019 $'000	2018 $'000
Assets		
Currency of USA – represents cash at bank and intercompany trade receivables	18,695	21,604

38. FINANCIAL INSTRUMENTS (cont.)

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.

	2019 $'000	2018 $'000
USD impact		
+ 10% strengthening	(1,869)	(2,160)
- 10% weakening	1,869	2,160

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 balance at balance date.

	2019 $'000	2018 $'000
Impact of 100 BP change in interest rate applied on year-end cash at bank balance		
+ 100 basis points	403	891
- 100 basis points	(363)	(847)

38. FINANCIAL INSTRUMENTS (cont.)

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 2019 the Group does not have a significant credit risk exposure to any single customer. Note 13 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.

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.

38. FINANCIAL INSTRUMENTS (cont.)

i. Liquidity and interest rate tables

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

Financial Liabilities	Weighted average effective interest rate %	Less than 1 month $'000	1 - 3 months $'000	3 - 12 months $'000	1 - 5 years $'000	5+ years $'000	Total $'000
30 June 2019							
Non-interest bearing	-	(5,571)	(4,291)	(4,257)	-	-	(14,119)
Interest bearing	4.56%	(15,000)	-	-	-	-	(15,000)
30 June 2018							
Non-interest bearing	-	(10,046)	(2,231)	(5,085)	-	-	(17,362)

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.

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).

38. FINANCIAL INSTRUMENTS (cont.)

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets	30 June 2019 $'000	30 June 2018 $'000		
Assets				
Held for sale investments in listed corporations	14,402	-	Level 1	Quoted bid prices in an active market.
Investments in listed corporations	7,201	-	Level 1	Quoted bid prices in an active market.
Shares in unlisted corporations	1,534	903	Level 2 / Level 3	Where relevant market information, such as a recent capital raising, is available this information is used to determine the fair value of the investment. For remaining investments, given the absence of an active trading market for the instruments and the absence of any other available information indicating material change in value, the directors have deemed that the fair value of these 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.
Investment property	1,430	1,588	Level 2	Values determined annually based on direct comparable sales as reported by licenced real estate valuers engaged by the Group. Key inputs are selling price, geographic location, property age and condition.

There were no transfers between fair value hierarchies in the year.

The fair value of financial assets and liabilities which are not measured at fair value on a recurring basis materially approximates their carrying value at reporting date.

39. RELATED PARTY TRANSACTIONS

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

TRADING TRANSACTIONS

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

	Provision of services		Purchase of services	
	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
Associates of Evans Dixon Limited				
Evans Dixon Law Pty Limited	-	-	-	-
US Select Private Opportunities Fund II GP, LLC	1,247	1,245	-	-
US Select Private Opportunities Fund III GP, LLC	1,027	795	-	-
US Select Private Opportunities Fund IV GP, LLC	105	148	-	-
US Select Direct Private Equity (US) GP, LLC	148	93	-	-
	2,527	**2,281**	**-**	**-**
Jointly controlled entities of Evans Dixon Limited				
Fort Street Real Estate Capital Pty Limited	3,458	5,650	365	626
Fort Street Real Estate Services Pty Limited	-	-	-	-
Fort Street Capital Pty Limited	-	-	-	-
Laver Place Sub Pty Limited	-	-	-	-
CVC Emerging Companies IM Pty Limited	354	-	-	-
CVC Emerging Companies Fund	-	-	-	-
Dixon Associates PE III Wholesale Fund	-	-	-	-
UA Dixon 168 Manager, LLC	59	53	-	-
UA Dixon 30-58/64 34th Street, LLC	37	32	-	-
UA Dixon 523 West 135th Street Manager, LLC	23	7	-	-
	3,931	**5,742**	**365**	**626**

39. RELATED PARTY TRANSACTIONS (cont.)

KEY MANAGEMENT PERSONNEL (KMP) OF EVANS DIXON 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 $450,812 (2018: $285,040). A KMP related enterprise received revenue totalling $210,066 in relation to the provision of corporate golf membership fees and associated expenses. The terms and conditions of these transactions were at arms-length and were no more favourable than those available to non-KMP.

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

	Amounts owed by related parties		Amounts owed to related parties	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Associates of Evans Dixon Limited				
Evans Dixon Law Pty Limited	230	114	159	-
	230	**114**	**159**	**-**
Jointly controlled entities of Evans Dixon Limited				
Fort Street Real Estate Capital Pty Limited	100	183	100	98
Dixon Associates PE III Wholesale Fund	13	12	-	-
UA Dixon 168 Manager, LLC	22	7	-	-
UA Dixon 30-58/64 34th Street, LLC	24	3	-	-
UA Dixon 523 West 135th Street Manager, LLC	4	8	-	-
	163	**213**	**100**	**98**
Key management personnel of Evans Dixon Limited				
Key management personnel – trade receivables	**22**	**60**	**-**	**-**

40. KEY MANAGEMENT PERSONNEL REMUNERATION

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

	2019 $'000	2018 $'000
Short-term employee benefits	2,610	17,967
Post-employment benefits	117	133
Long-term employee benefits	21	34
	2,748	**18,134**

41. NET CASH PROVIDED BY OPERATING ACTIVITIES

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

	2019 $'000	2018 $'000
Profit after tax for the year	16,778	19,270
Non-cash flows in profit:		
Add: Depreciation and amortisation	10,365	7,378
Add: Share based payments expense	572	-
Add: Amortisation of borrowing costs	-	1,385
(Less): Gain on movement of fair value of assets	(452)	-
(Less): Unrealised foreign exchange	(235)	(292)
(Less): Share of profits of associates and jointly controlled entities	(2,011)	(5,069)
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	9,157	(10,224)
(Increase) / decrease in prepayments	(983)	(341)
(Increase) / decrease in inventories	(10)	39
(Increase) / decrease in current tax assets	(3,634)	(1,205)
(Increase) / decrease in deposits	(477)	(761)
Increase / (decrease) in trade and other payables	(4,936)	4,297
Increase / (decrease) in deferred revenue	(2,466)	2,592
Increase / (decrease) in deferred tax liabilities	154	(2,111)
Increase / (decrease) in provisions	983	(584)
Net cash generated by operating activities	**22,805**	**14,374**

42. CONTINGENT LIABILITIES

Citibank, N.A. has issued a standby letter of credit on behalf of Dixon Advisory USA Inc. in favour of the landlord of Level 28, 140 Broadway New York USA up to a limit of $685,557 USD ($977,552 AUD equivalent) as required under the terms of the lease of this premises.

Investors Bank has issued a standby letter of credit on behalf of Dixon Advisory USA Inc. in favour of the landlord of 1000 Plaza 2, Level 10, Jersey City NJ, USA up to a limit of $130,611 USD ($186,241 AUD equivalent) as required under the terms of the lease of this premises.

Wells Fargo Bank, N.A. has issued a standby letter of credit on behalf of Dixon Projects LLC in favour of Liberty Mutual Insurance Corporation up to a limit of $750,000 USD ($1,069,442 AUD equivalent) as required under the terms of an insurance policy.

43. COMMITMENTS FOR EXPENDITURE

The Group has a remaining commitment for investment into CVC Emerging Companies Fund totalling $4.8 million.

The Group has a remaining commitment for investment into Dixon Associates PE III Wholesale Fund totalling $0.9 million.

44. SUBSEQUENT EVENTS

The Group announced the appointment of Peter Anderson as Chief Executive Officer, with immediate effect from on 8 July 2019. From this date, Peter stepped down from the Board pending the appointment of another independent non-executive director to ensure an appropriate balance of independent directors be maintained.

The Board has declared a fully franked dividend of 3.0 cents per share that is expected to be paid on 11 October 2019.

No other matters or circumstances have arisen since 30 June 2019 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: 26th August 2019

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

Deloitte.

Deloitte Touche Tohmatsu
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225 George Street
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Independent Auditor's Report to the members of Evans Dixon Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Evans Dixon Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, 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 2019 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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

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 2019 the Group has recognised Goodwill and other Indefinite Life Intangible Assets (Brands) totalling $136.4 million, which includes $41.5 million attributable to the acquisition of Fort Street Advisers Pty Limited (now known as Evans Dixon Corporate Advisory Pty Limited) during the financial year. The Goodwill and other Indefinite Life Intangible Assets comprises 46% of the Group's Total Assets.
 	
The Evans Dixon Limited share price has declined during the financial year and, as at 30 June 2019, the market capitalisation of the Group was $187.0 million compared to recorded Net Assets of $217.8 million. Management has performed an impairment analysis and has determined that Goodwill and other Indefinite Life Intangible Assets are not impaired as at 30 June 2019.
 	
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 CGU's;
• Long term growth rates; and
• Discount rates.
	Our procedures included, but were not limited to:
	
	• Obtaining an understanding and evaluating the controls associated with the Group's impairment assessment;
	
	• Obtaining the Group's Goodwill and other Indefinite Life Intangible Assets impairment models and:
	
	  • 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;
	
	  • Challenging and evaluating the appropriateness of the Group's sensitivity analysis of key inputs, including changes of growth rates and discount rates applied;
	
	  • Engaging our valuation specialists to calculate an independent discount rate to assess against the rates used in management's models; and
	
	• Assessing the appropriateness of the Group's disclosures in Note 2, 3 and 20 to the financial statements.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Revenue Recognition During the year ending 30 June 2019, the Group's Corporate and Institutional segment recognised revenue totalling $60.5 million as disclosed in Note 4. Corporate transaction engagements recognised within the Corporate and Institutional segment include individually significant transactions where management judgement is applied in assessing the timing of satisfaction of contractual performance obligations, and the resultant timing of revenue recognition. Incorrect timing of revenue recognition, specifically at or around year-end, may lead to a risk of revenue being materially misstated.	Our procedures included, but were not limited to: • Obtaining an understanding of the key processes implemented by the Group for assessing satisfaction of performance obligations and resultant recognition of revenue in relation to corporate transaction fees; • Testing, on a sample basis, the timing of satisfaction of contractual performance obligations, and the resultant timing of revenue recognition of corporate transaction fees during the financial year, with a focus on transaction fees recognised at or around balance date; • Reviewing, on a sample basis, revenue recognised subsequent to year-end to assess whether revenue has been recognised in the correct period; and • Assessing the appropriateness of the Group's disclosures in Note 2 and 3(ii) to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, 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.

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 *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.

Deloitte.

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.

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, related safeguards.

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 39 to 50 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Evans Dixon Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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

Deloitte.

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

Michael Kaplan
Partner
Chartered Accountants
Sydney, 26 August 2019

Additional stock exchange information

DIVIDEND DETAILS

It is the current 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 2019

There are 3,647 shareholders holding a total of 233,699,753 ordinary shares.

The 20 largest shareholders between them hold 52.55% of the total shares on issue.

SHARE REGISTRY INFORMATION

The following information is correct as at 1 August 2019:

20 LARGEST SHAREHOLDERS

Registered holder	Number of shares held	% of ordinary shares
Alan Dixon	39,122,625	16.74%
Jolimont Terrace Investments Pty Limited	14,581,955	6.24%
Walker Street LB Nominees Pty Limited	10,579,583	4.53%
ED Employee Investments Pty Limited	9,089,180	3.89%
Laver Place Nominees Pty Limited	7,108,334	3.04%
Wroxby Pty Limited	5,985,526	2.56%
Inishail Pty Limited	5,010,148	2.14%
Morey Ankatell Pty Limited	3,841,369	1.64%
Richard Anthony Lang Hunt	3,753,925	1.61%
Premiership Player Pty Limited	2,708,000	1.16%
OHJS Group Pty Limited	2,440,000	1.04%
Mr Orange Pty Limited	2,400,000	1.03%

Additional stock exchange information *(cont.)*

Registered holder	Number of shares held	% of ordinary shares
Robert Turner & Lisa Gay Turner	2,381,000	1.02%
IPCH Investments Pty Limited	2,092,872	0.90%
BKI Investment Company Limited	2,050,000	0.88%
Washington H Soul Pattinson And Company Limited	2,000,000	0.86%
HSBC Custody Nominees (Australia) Limited	1,929,942	0.83%
Wirreanda Investment Holdings Pty Limited	1,910,510	0.82%
Kernick House Pty Limited	1,904,261	0.81%
J P Morgan Nominees Australia Pty Limited	1,891,995	0.81%

DISTRIBUTION OF SHAREHOLDERS

Holding	Number of shareholders	Number of shares held	% of ordinary shares
1 – 1,000	103	65,401	0.03%
1,001 – 5,000	524	1,743,137	0.75%
5,001 – 10,000	2,217	17,779,570	7.61%
10,001 – 100,000	599	17,966,499	7.69%
100,001 and over	204	196,145,146	83.92%
Total	**3,647**	**233,699,753**	**100%**

SUBSTANTIAL SHAREHOLDERS

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

Name	Number of shares held	% of ordinary shares
Alan Dixon & Mr Orange Pty Limited	41,522,625	17.77%
David Evans, Sonya Evans, Jolimont Terrace Investments Pty Limited & Attunga Super Pty Limited	14,812,393	6.34%

Additional stock exchange information *(cont.)*

Name	Number of shares held	% of ordinary shares
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	6.13%

DIRECTORS' SHAREHOLDINGS

Director	Number of shares held
David Evans	14,812,393
Alan Dixon	41,522,625
Sally Herman	170,276
Josephine Linden	-

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 2019, 65,548,648 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 2020	51,220,159
14 May 2022	14,328,489

Corporate directory

Directors David Evans Alan Dixon Sally Herman Josephine Linden	**Company secretaries** Simon Barnett Warwick Keneally	**Registered office (principal place of business)** Level 15, 100 Pacific Highway North Sydney, NSW, 2060 Telephone: 1300 069 436
Share Registry Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street Sydney, NSW, 2000 Telephone: 1800 634 850 www.boardroomlimited.com.au	**Auditor** Deloitte Touche Tohmatsu Grosvenor Place, 225 George Street Sydney, NSW, 2000	**Website** www.evansdixon.com.au

EVANS DIXON

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