

ANNUAL
REPORT
2019

EUROZ







**Euroz is a diversified
financial services company**

FINANCIAL YEAR 2019 HIGHLIGHTS

GROUP FUM	\$1.58b
MARKET CAPITALISATION	\$200m
DIVIDENDS	6.75cps
FULLY FRANKED DIVIDENDS IN 19 YEARS	\$222m
CASH & INVESTMENTS	\$111m
NET LOSS AFTER TAX	(\$0.1m)¹

1. Attributable to members for year ended 30 June 2019

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CORPORATE DIRECTORY

REGISTERED OFFICE

LEVEL 18 ALLUVION
58 MOUNTS BAY ROAD
PERTH WA 6000
TELEPHONE: +61 8 9488 1400
FACSIMILE: +61 8 9488 1477
EMAIL: INFO@EUROZ.COM

SHARE REGISTRY

COMPUTERSHARE INVESTOR SERVICES PTY LTD
LEVEL 11
172 ST GEORGES TERRACE
PERTH WA 6000
TELEPHONE: 1300 787 575

AUDITORS

PKF PERTH CHARTERED ACCOUNTANTS
LEVEL 4
35 HAVELOCK STREET
WEST PERTH WA 6005
TELEPHONE: +61 8 9426 8999

BANKERS

WESTPAC BANKING CORPORATION
109 ST GEORGE'S TERRACE
PERTH WA 6000

SECURITIES EXCHANGE LISTINGS

EUROZ LIMITED SHARES ARE LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX: EZL)

WEBSITE ADDRESS

WWW.EUROZ.COM

CORPORATE GOVERNANCE STATEMENT

WWW.EUROZ.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE

BOARD OF DIRECTORS

ANDREW MCKENZIE
EXECUTIVE CHAIRMAN

JAY HUGHES
EXECUTIVE DIRECTOR

GREG CHESSELL
EXECUTIVE DIRECTOR

RUSSELL KANE
EXECUTIVE DIRECTOR

SIMON YEO
EXECUTIVE DIRECTOR

ANTHONY BRITTAIN
EXECUTIVE DIRECTOR

ROBERT BLACK
EXECUTIVE DIRECTOR

COMPANY SECRETARY

ANTHONY HEWETT

Executive Chairman's Report



EUROZ LIMITED REPORTED A BREAK EVEN RESULT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019. HEADLINE PROFITABILITY HAS BEEN NEGATIVELY IMPACTED BY THE MARK-TO-MARKET OF OUR VARIOUS INVESTMENTS.

In comparison to last year's excellent result we would categorise this year's underlying profitability as a reasonable result in somewhat challenging markets.

Underlying "cash" profits of approximately \$9.5 million were offset by -\$9.6 million "non-cash" after tax losses from the mark-to-market of investments resulting in a \$107,685 net loss after tax attributable to members.

Our underlying cash profitability enabled your Directors to declare and pay a final fully franked dividend of 5 cents per share (cps) which combined with the interim dividend of 1.75 cps brings the full year dividend to 6.75 cps (previous year 11 cps).

Funds Under Management (FUM) growth was driven by Euroz Securities and Entrust Wealth Management (Entrust) resulting in Group FUM increasing by 8% to \$1.58 billion from \$1.46 billion last year.

We provide specific business updates as follows:

EUROZ SECURITIES

After two very good years our securities business has experienced a modestly profitable year with brokerage revenues down approximately 10% on the previous year and Equity Capital Market (ECM) raisings of \$469 million versus \$837 million in the prior period. FUM growth in our private client business continues to make progress and was up 19% to \$357 million.

ENTRUST WEALTH MANAGEMENT

Entrust reported a pleasing improvement in FUM of 10% and a modest increase in profitability versus the previous year. Post the Hayne Royal Commission Entrust has seen a recent increase in potential smaller acquisitions and more realistic price expectations from sellers.

WESTOZ FUNDS MANAGEMENT

After two years of excellent investment performance Westoz Investment Company Limited (Westoz) and Ozgrowth Limited (Ozgrowth) have experienced a year of consolidation. Their respective gross investment performance of -2.2% and -9.3% for the financial year compares to -12.7% for the Small Resources Accumulation Index and 1.92% for the Small Ordinaries

Accumulation Index for the same period. Whilst there was no performance fee income to the manager during this period we remain optimistic on resources and Western Australia in general and the opportunity for outperformance in the coming year.

In the past 14 years Westoz and Ozgrowth have returned \$157 million in fully franked dividends to their shareholders.

PRODIGY INVESTMENT PARTNERS

Our Prodigy joint venture has experienced some headwinds resulting from continual change in the domestic funds management industry. The internalisation of some investment strategies by Industry funds, the current disruption in some advice businesses and a period of underperformance from alternative funds in general has resulted in modest growth in FUM to \$119 million over the period. We are however pleased with the relative performance of all our funds during the period and are reassured that our predominantly retail distribution capability will provide increased flow opportunities during this volatile period of change. We have recently increased our sales team to further penetrate the retail market. We currently have three boutique partners:

• **Flinders Investment Partners**

Gross investment performance of 4.6% for the financial year and performance since inception of 14.5% p.a. Top quartile 1, 2 and 3 year investment performance has seen increasingly retail platform FUM flows with year end FUM of \$27 million. The fund received an upgraded rating to "Recommended" by Lonsec Research in February 2019. The Flinders sales pipeline is strong with good FUM flow expected in the coming months.

• **Dalton Street Capital**

Gross investment performance of -2.5% for the financial year and 12.4% calendar year to date. In a very difficult period for managed futures and alternative investments in general Dalton reports that its 3 year performance (since inception) makes it the number one ranked managed futures strategy in Australia. When this extended period of low volatility in global markets inevitably turns we believe that Dalton Street will once again have the opportunity to post strong absolute performance numbers and that fund inflows will then follow.

• **Equus Point Capital**

Our third fund launched in November 2018 has reported a strong start with 5.6% gross investment performance for this period and is meeting all expectations. This systematic market neutral strategy seeks to achieve consistent, steady returns with low volatility in all types of markets. With return expectations for most markets decreasing and under significant pressure we believe this defensive strategy will become increasingly attractive in the next few years.


SUMMARY

Euroz Limited now employs 104 staff across our many businesses as we continue to pursue our very deliberate and incremental diversification strategy. To achieve our aim of building real diversification into our overall business we are cognisant that we need to significantly grow our wealth management FUM and also grow meaningful FUM in our Prodigy business.

All of our businesses are facing continued industry consolidation and structural change, some of which we have foreseen and some continue to surprise. We must remain vigilant and open minded to these changes and provide expertise and capital as required.

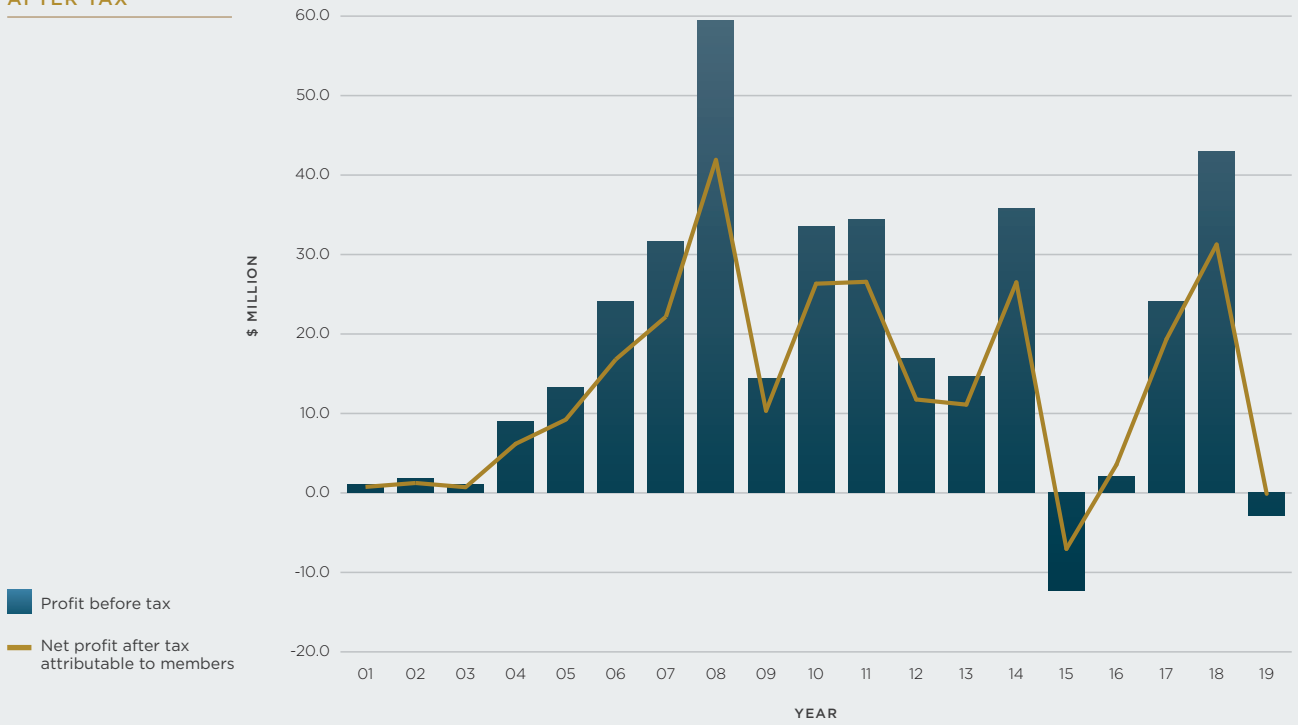
Euroz Limited has now paid \$222 million in fully franked dividends to shareholders across our 19-year history.

I would once again like to sincerely thank our staff for their significant efforts and who as our largest shareholders remain committed to growing this proudly Western Australian diversified financial services company.

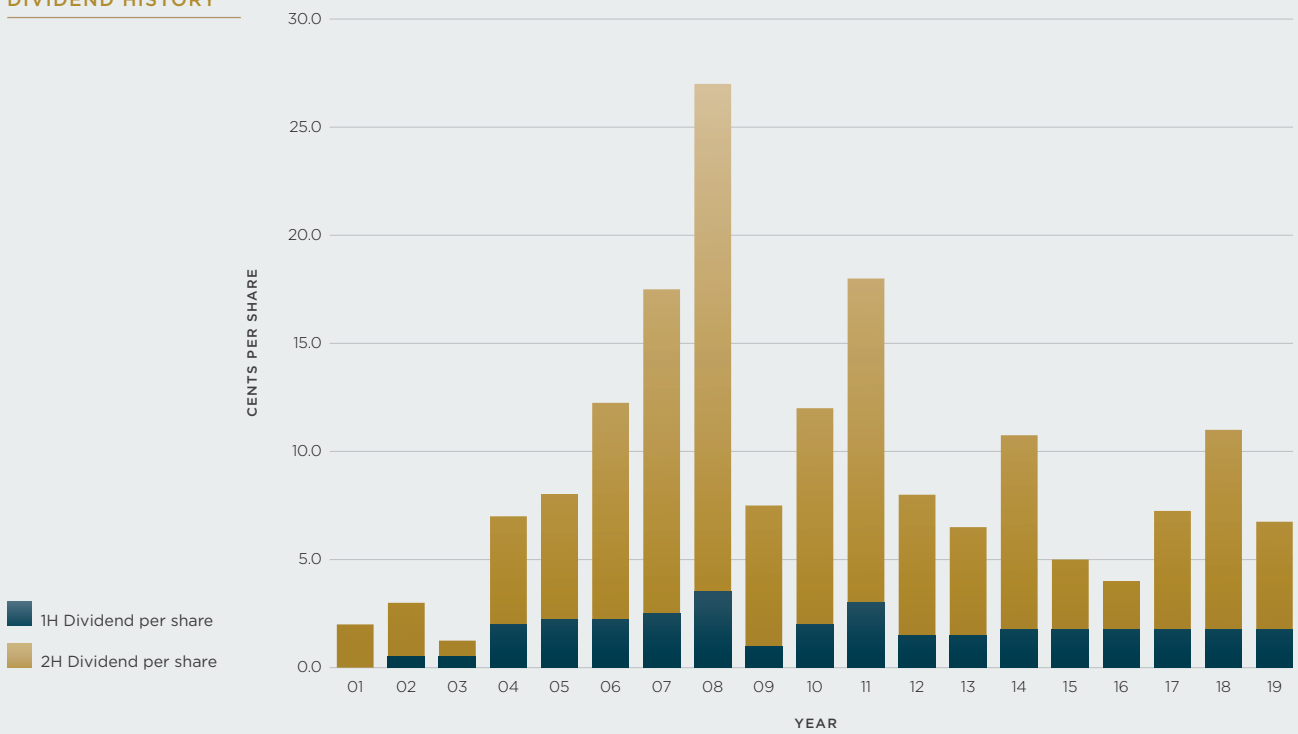


Andrew McKenzie
Executive Chairman

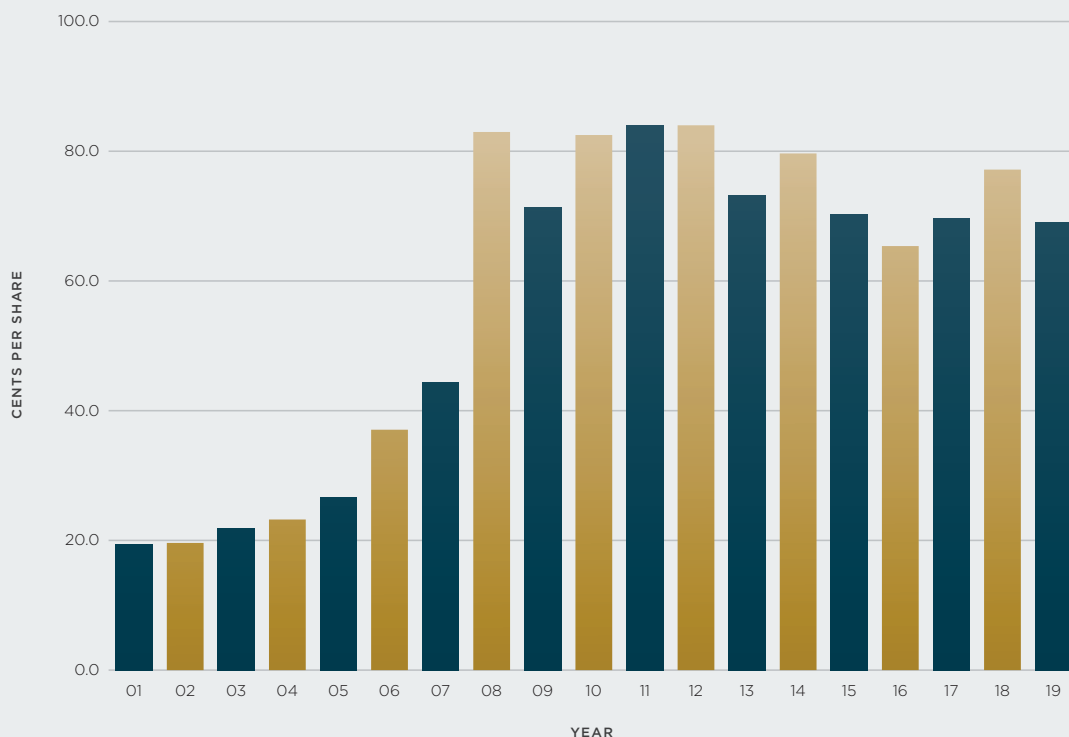
**EUROZ LIMITED
PROFIT BEFORE
TAX & NET PROFIT
AFTER TAX**



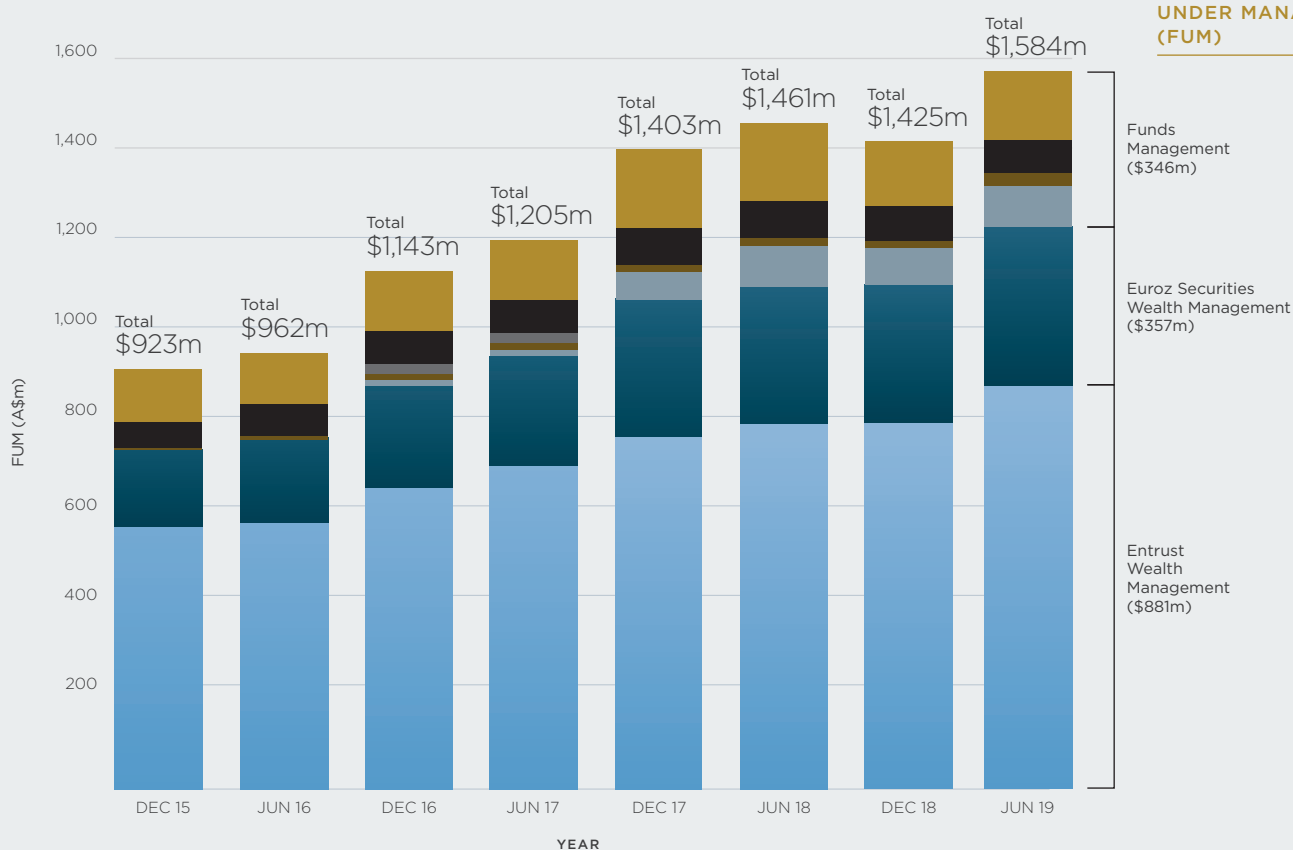
**EUROZ LIMITED
DIVIDEND HISTORY**



**EUROZ LIMITED
NTA PER SHARE**



**EUROZ GROUP FUNDS
UNDER MANAGEMENT
(FUM)**



Note: PFM (\$24m) Precision Funds Management removed from 01/07/2017 as no longer a corporate authorised representative.

- WIC (\$156m)
- OZG (\$71m)
- Flinders (\$27m)
- Dalton Street (\$88m)
- Euroz (\$357m)
- Entrust (\$881m)
- Equus (\$4m)

BOARD OF DIRECTORS

EUROZ LIMITED DIRECTORS PROFILES



ANDREW MCKENZIE

EXECUTIVE CHAIRMAN

Andrew is Executive Chairman of Euroz Limited, Euroz Securities Limited, Westoz Funds Management Pty Ltd and is an Executive Director of Dalton Street Capital, Prodigy Investment Partners, Flinders Investment Partners and Equus Point Capital. Andrew is a board member of the PLC Foundation and a PLC Council member. Andrew holds a Bachelor of Economics from the University of Western Australia (UWA) and is an individual member (MSAFAA) of Stockbrokers and Financial Advisers Association of Australia (SAFAA).



JAY HUGHES

EXECUTIVE DIRECTOR

Jay has worked in stockbroking since 1986, starting his career on the trading floor. He is Non-Executive Chairman of Westoz Investment Company Limited and Ozgrowth Limited and an Executive Director of Westoz Funds Management, Euroz Securities Limited and Prodigy Investment Partners. He is an Institutional Adviser specialising in promoting Australian stocks to international clients. Jay holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia (FINSIA). He was recognised as an affiliate of the ASX in December 2000 and is an individual member (MSAFAA) of SAFAA.



RUSSELL KANE

EXECUTIVE DIRECTOR

Russell has worked in the stockbroking industry since 1994 and joined Euroz Securities in 2001. Russell is an Executive Director of Euroz Limited and Euroz Securities Limited. He holds a Bachelor of Business from Edith Cowan University and is responsible for servicing both domestic institutions and high net worth clients, with a particular emphasis on WA based resources and industrial stocks.



SIMON YEO

EXECUTIVE DIRECTOR

Simon has worked in the Stockbroking industry since 1993. In November 2000 he established the Private Client Division of Euroz Securities Limited before moving to a specialised role within our Institutional Sales division in 2013. Simon is an Executive Director of Euroz Limited and Euroz Securities Limited. Simon holds a Bachelor of Commerce from UWA and was previously a chartered accountant. He is also on the board of The Australian Chamber Orchestra (ACO). Simon is the Chairman of the Audit and Risk Committee.



ROB BLACK

EXECUTIVE DIRECTOR

Rob has been working in the stockbroking industry since 1995 and has spent time based in Sydney, Melbourne and London. Rob is the Managing Director of Euroz Securities and Head of our Institutional Sales division and is responsible for servicing domestic and international institutions. Rob is a Director of Entrust Wealth Management. Rob holds a Bachelor of Business in Finance and Accounting from Edith Cowan University and is a Graduate of the Australian Institute of Company Directors (AICD).



GREG CHESELL

EXECUTIVE DIRECTOR

Greg is a Director in the Corporate Finance Team of Euroz Securities. Greg was previously an Analyst and Head of Research at Euroz, a position he held since Euroz Securities commenced operations. Greg worked as geologist in WA for 10 years prior to entering the stockbroking industry in 1995. Greg is an Executive Director of Euroz Limited and Euroz Securities Limited. Greg holds a Bachelor of Applied Science in Geology from the University of Technology, Sydney (UTS) and a Graduate Diploma in Business from Curtin University. Greg is a member of the Audit and Risk Committee.



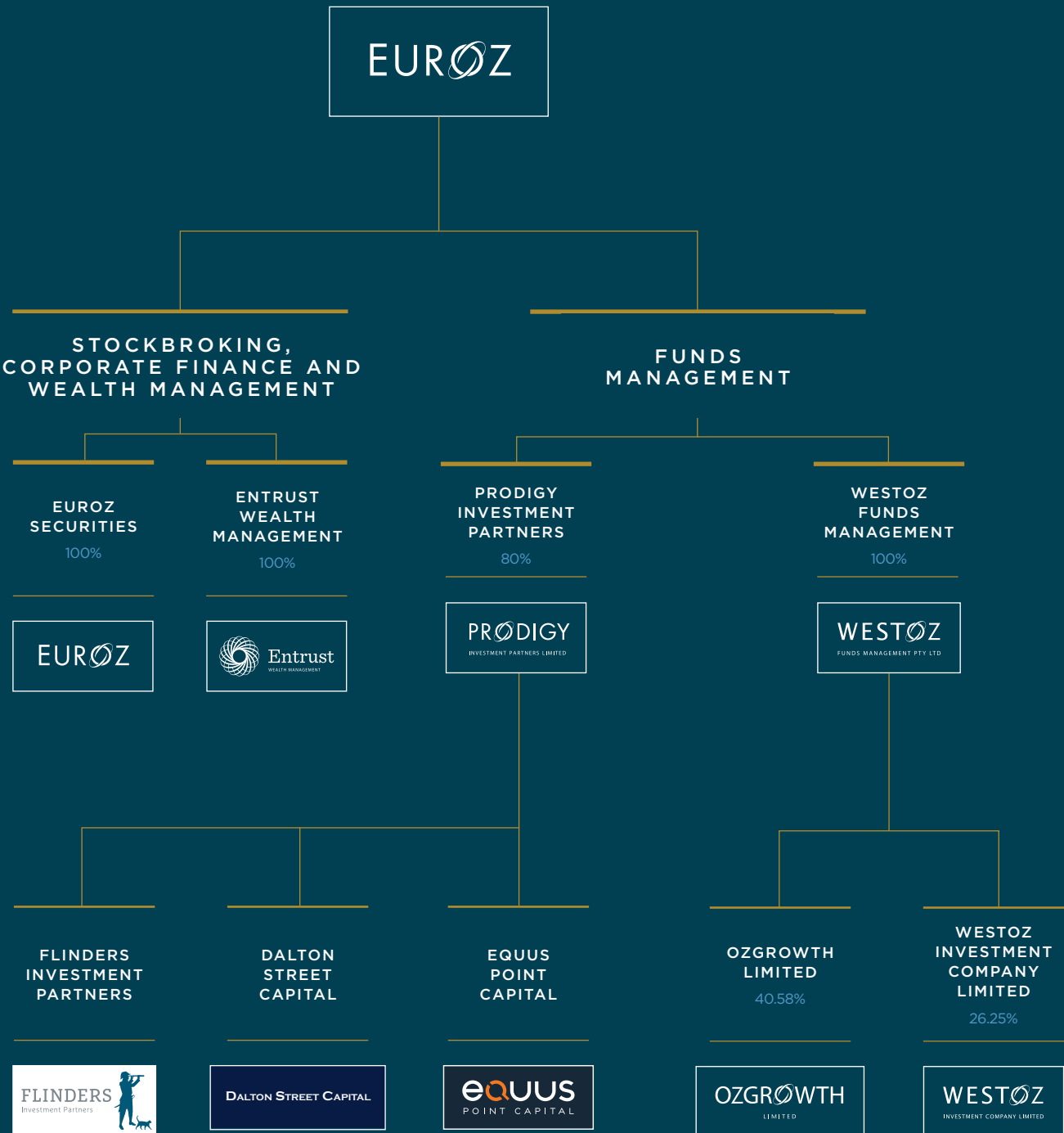
ANTHONY BRITTAIN

EXECUTIVE DIRECTOR

Anthony is the Chief Operating and Financial Officer and an Executive Director of Euroz Limited, Euroz Securities Limited, Entrust Wealth Management, Prodigy Investment Partners, Flinders Investment Partners, Dalton Street Capital and Equus Point Capital. Prior to joining Euroz, Anthony spent 7 years with a WA based stockbroker. Anthony started his career with KPMG (and antecedent firm Touche Ross) with transfers to Guam and Singapore. He then worked in London and Singapore for 7 years with a UK fund manager. Anthony holds a Bachelor of Commerce from UWA, is a member of Chartered Accountants Australia and New Zealand (CA), holds a Graduate Diploma in Applied Finance and Investment from FINSIA, is a Graduate of AICD and is an individual member (MSAFAA) of SAFAA. Anthony is a member of the Audit and Risk Committee. Anthony is a member of the professional conduct tribunal of the SAFAA and is a panel member of the Markets Disciplinary Panel (MDP) of the Australian Securities and Investment Commission (ASIC).



EUROZ GROUP
STRUCTURE



EUROZ SECURITIES LIMITED

MANAGING DIRECTOR'S REPORT

THE 2019 FINANCIAL YEAR REPRESENTS THE 19TH CONSECUTIVE PROFITABLE YEAR FOR EUROZ SECURITIES - WHICH REPRESENTS THE STOCKBROKING AND CORPORATE FINANCE FUNCTION OF EUROZ LIMITED.

Over this period we have continued to deliver on our long term strategy, that being to leverage deal flow in WA related companies through high quality research, dealing and corporate finance services.

Quality research is the foundation of our business, and we are fortunate to have a stable team of highly regarded analysts identifying and researching quality companies relevant to our investment universe.

Our Institutional Sales team have long standing and strong relationships with major domestic and international institutional investors. We act as their "eyes and ears" in Western Australia for these investors, and a number of these relationships with clients have been in place since the inception of our business.

The Private Client dealing team is the largest department in our firm with our team of advisors dealing and advising for a predominately high net worth client base, leveraging our niche research and corporate products while expanding their wealth management capabilities

Our Corporate Finance department commands a dominant position in WA Equity Capital Markets (ECM) and Mergers and Acquisitions (M&A) advisory services.

Euroz Securities delivered a net profit after tax of \$4.7 million compared to the previous year's result of \$11.8 million. Brokerage revenue was down approximately 10% on the previous year, and ECM raisings totalled \$469 million of new equity raised for corporate clients versus \$837 million over the previous year.

Funds under management (FUM) within Euroz Securities grew by 19% over the period to \$357 million.

In the context of our 2 stellar previous years, this year can be described as a modestly profitable result.

There are many well publicised changes happening across our industry, including:

- New educational standards for retail advisors under FASEA;
- Legislative changes resulting from the Royal Commission into Financial Services;
- Emergence of new competitors and consolidation of existing ones;
- Increasing cost pressures including ASIC industry funding;
- Pending code of ethics membership and ongoing obligations; and
- Increased engagement with ASIC and their priority items for the next two years.

All of the above continue to increase the complexity of the regulatory environment under which we operate.

I am confident that our specialised business model places us well not only to adapt, but to win business as a result of these changes and further put us in good stead against our competitors - many of which do not have the financial strength we are fortunate to possess as a part of the larger Euroz Limited group.

I would like to thank all my fellow Directors and all staff of Euroz Securities for their continued efforts which have delivered a pleasing result for the period, but more importantly have set us up well to deliver further good results in the years ahead.



Rob Black
Managing Director



EUROZ SECURITIES LIMITED

CORPORATE TRANSACTIONS

Supporting our clients on major transactions during FY2019.

 <p>PLACEMENT & ANREO</p> <p>\$60 MILLION</p> <p>LEAD MANAGER & UNDERWRITER</p> <p>Euroz Securities Ltd</p> <p>JUL 18</p>	 <p>PLACEMENT</p> <p>\$25 MILLION</p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>AUG 18</p>	 <p>PLACEMENT & ANREO</p> <p>\$35.1 MILLION</p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>SEP 18</p>	 <p>PLACEMENT</p> <p>\$74.4 MILLION</p> <p>LEAD MANAGER & UNDERWRITER</p> <p>Euroz Securities Ltd</p> <p>OCT 18</p>
 <p>PLACEMENT</p> <p>\$27 MILLION</p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>OCT 18</p>	 <p>PRIVATE PLACEMENT</p> <p>\$6.3 MILLION</p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>OCT 18</p>	 <p>PLACEMENT</p> <p>\$43.2 MILLION</p> <p>JOINT LEAD MANAGER & UNDERWRITER</p> <p>Euroz Securities Ltd</p> <p>DEC 18</p>	 <p>ACQUISITION BY EAGLEVIEW TECHNOLOGIES INC.</p> <p>\$136.8 MILLION</p> <p>FINANCIAL ADVISER</p> <p>Euroz Securities Ltd</p> <p>DEC 18</p>
 <p>PLACEMENT</p> <p>\$50 MILLION</p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>FEB 19</p>	 <p>PLACEMENT</p> <p>\$31.5 MILLION</p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>FEB 19</p>	 <p>PLACEMENT & ANREO</p> <p>\$30.9 MILLION</p> <p>CO-MANAGER</p> <p>Euroz Securities Ltd</p> <p>APR 19</p>	 <p>PLACEMENT</p> <p>\$4 MILLION</p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>APR 19</p>
 <p>PLACEMENT</p> <p>\$25 MILLION</p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>MAY 19</p>	 <p>PLACEMENT</p> <p>\$15 MILLION</p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>MAY 19</p>	 <p>PLACEMENT</p> <p>\$18 MILLION</p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>MAY 19</p>	 <p>PLACEMENT</p> <p>\$16.2 MILLION</p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>JUN 19</p>

EUROZ SECURITIES

DIRECTOR PROFILES



ANDREW CLAYTON

EXECUTIVE DIRECTOR

Andrew is a Research Analyst specialising in resource companies. He worked as a geologist for five years in both exploration and mine roles in a variety of commodities including gold and graphite. He has been in the stockbroking industry since 1995. Andrew holds a Bachelor of Science (Hons) in Geology from Melbourne University as well as a Diploma in Finance from FINSIA.



BEN LAIRD

EXECUTIVE DIRECTOR

Ben has worked in the stockbroking industry since 2002. He is a Research Analyst responsible for covering industrial companies. He holds a Bachelor of Science, a Post Graduate Diploma in Finance from FINSIA and a Chartered Financial Analyst (CFA) designation.



BRIAN BATES

EXECUTIVE DIRECTOR

Brian has over 21 years of experience in stockbroking, investment and superannuation management. Brian holds a Bachelor of Commerce from UWA, and was previously a chartered accountant before moving in to investment management. Brian is a senior member of the Private Client Division and offers a comprehensive wealth management service to high net worth individuals.



BRIAN BERESFORD

EXECUTIVE DIRECTOR
HEAD OF CORPORATE FINANCE

Brian is the Head of our Corporate Finance Division. Prior to joining Euroz in 2011, Brian was a Partner at PwC where he led the Corporate Finance and M&A practice in Western Australia. He has provided corporate advice to clients across the resources, mining services, engineering and technology sectors for over 20 years. Brian holds a Masters in Finance from London Business School, a Bachelor of Commerce and Bachelor of Laws from UWA.



BEN STATHAM

EXECUTIVE DIRECTOR

Ben completed a Bachelor of Economics from UWA before commencing employment with Macquarie Bank in 2000 where he left for Euroz in 2009 as one of their top advisors. Ben is a senior member of our Private Client Division and services high net worth families. Ben holds a Graduate Diploma in Applied Finance and Investment from FINSIA.



CAMERON MURRAY

EXECUTIVE DIRECTOR

Cameron has over 20 years-experience in financial services and is a senior member of our Private Client Division. Having graduated from Curtin University with a Bachelor of Commerce majoring in Accounting and Finance he has been at Euroz since 2003. He has continued his studies through FINSIA and has completed a Graduate Diploma in Applied Finance and Investment. Cameron is an accredited Designated Trading Representative (DTR) and Responsible Executive (RE) of Euroz Securities.

EUROZ SECURITIES

DIRECTOR PROFILES



CHRIS WEBSTER

EXECUTIVE DIRECTOR
HEAD OF PRIVATE CLIENTS

Chris is the Head of our Private Client Division. Chris has worked in financial services since 2003 holding a variety of positions in sales, operations, risk and compliance both in Perth and London. Chris is Managing Director of Entrust Wealth Management and a Director of the Euroz Charitable Foundation. Chris holds a Bachelor of Commerce from UWA, a Graduate Diploma of Applied Finance and a Graduate Diploma of Applied Corporate Governance. Chris is an individual member (MSAFAA) of SAFAA.



DAVID RILEY

EXECUTIVE DIRECTOR

David has worked in the Euroz Corporate Finance team since 2012. Prior to joining Euroz, David was a senior consultant at Ernst & Young. David is a member of the Chartered Accountants Australia and New Zealand (CA) and holds a Graduate Diploma of Applied Finance through Kaplan Professional Education. David has also completed a Graduate Diploma of Mineral Exploration Geoscience from the Curtin University School of Mines and also holds a Bachelor of Commerce/Science from the University of Western Australia.



GAVIN ALLEN

EXECUTIVE DIRECTOR

Gavin is a Research Analyst with 15 years experience specialising in detailed analysis and research of mid cap industrial companies. Prior to joining Euroz, Gavin held a senior position in the Corporate Finance division of a major accounting firm, specialising in the financial analysis of mergers and acquisitions. Gavin holds a Bachelor of Commerce, is a member of the Chartered Accountants Australia and New Zealand (CA) and holds a Chartered Financial Analyst (CFA) designation.



JAMES MACKIE

EXECUTIVE DIRECTOR

James has been working in the stockbroking industry since 1998.

James services high net worth investors and is a senior member of our Private Client Division. He holds a Bachelor of Commerce from Curtin University and a Graduate Diploma in Applied Finance and Investment from FINSIA.



JON BISHOP

EXECUTIVE DIRECTOR
HEAD OF RESEARCH

Jon is the Head of Euroz' Research Department. His role as an analyst is focused on the mining, renewable energy and oil and gas sectors. He has more than 10 years technical and commercial experience within the petroleum and minerals industries and over 12 years experience in the financial services industry. Jon holds a Bachelor of Science (Hons) in Geology from UWA, as well as a Graduate Diploma in Applied Finance and Investment from FINSIA.



LUCAS ROBINSON

EXECUTIVE DIRECTOR

Lucas has been advising in the stockbroking industry since 1998. Lucas is a senior member of our Private Client Division and manages a variety of clients including high net worth investors. He holds a Bachelor of Commerce from UWA with a double major in Finance and Marketing and a minor in Business Law.

EUROZ SECURITIES

DIRECTOR PROFILES



NICK MCGLEW

EXECUTIVE DIRECTOR

Nick has over 20 years' experience in mergers, acquisitions, equity raisings, corporate and commercial law and corporate finance with major firms in Australia and the United States. He holds a Bachelor of Economics from UWA, a Bachelor of Laws from Bond University (First Class Honours) and a Master of Laws from New York University. Nick is a senior member of our Corporate Finance Division.



PETER SCHWARZBACH

EXECUTIVE DIRECTOR

Peter has been working in the stockbroking industry since 2006 and is a member of our Institutional Sales Division. He holds a Bachelor of Commerce from UWA and has completed a Graduate Diploma in Applied Finance and Investment from FINSIA. Peter is also a member of the Chartered Accountants Australia and New Zealand (CA) and prior to joining Euroz was a senior accountant at a Perth chartered accounting firm.



PAUL COOPER

EXECUTIVE DIRECTOR

Paul has background in both stockbroking and investment banking. Prior to equities dealing he spent time based in Sydney and Singapore providing structured debt financing to resource companies. Paul holds a Bachelor of Commerce, as well as furthering his education through the Chartered Financial Analyst program and Chinese language studies.



RYAN STEWART

EXECUTIVE DIRECTOR

Ryan has worked in the broking industry for 19 years and is a Senior Private Client Advisor. He commenced at Euroz in 2003 and in that time has built a predominantly high net worth private client base. He is also a Director of the Euroz Charitable Foundation.



TIM BUNNEY

EXECUTIVE DIRECTOR

Tim has been working in the stockbroking industry since 2010 and is a member of our Institutional Sales Division. He holds a Bachelor of Commerce from Curtin University majoring in finance and management. He is currently undertaking post graduate study in geology and finance. Tim is a member of SAFAA institutional broking committee.



TIM LYONS

EXECUTIVE DIRECTOR

Tim has worked in the stockbroking industry for over 25 years and is a senior member of our Private Client Division. Tim was previously Executive Chairman of Blackswan Equities where his role included maintaining the firm's corporate relationships and servicing his high net worth private client base. Tim was also a partner at Porter Western Limited until it was acquired by Macquarie Bank.

WEALTH MANAGEMENT

ENTRUST WEALTH MANAGEMENT

ENTRUST WEALTH MANAGEMENT PTY LTD (ENTRUST) WAS FOUNDED IN 2002. ENTRUST WAS ACQUIRED BY EUROZ LIMITED IN JULY 2015 AND PROVIDES HIGH NET WORTH, FAMILY OFFICE, SMSF & NFP CLIENTS WITH TAILORED STRATEGIC, FINANCIAL PLANNING & INVESTMENT ADVICE. ENTRUST HAS CLIENT FUNDS UNDER MANAGEMENT (FUM) OF \$881M AT 30 JUNE 2019.

During the 2019 financial year (FY19) the management team focus was on growing the FUM and we are pleased to report growth in FUM of 10% for the financial year.

Through a combination of revenue growth and strong focus on cost reduction, Entrust reported an improvement in profitability versus the prior year.

Entrust's primary focus is to continue organic growth opportunities in the HNW and Not-for-Profit sector and leverage the existing capability in the SMSF sector.

We continue to pursue bolt on acquisitions and have evaluated numerous adviser acquisition opportunities during the period. We are starting to see sellers' price expectations come back to more realistic levels.



ANDREW FRY

EXECUTIVE DIRECTOR

Andrew joined Entrust Wealth Management Pty Ltd in January 2003 and served as Managing Director from July 2014 until his appointment to Executive Chairman in December 2017. He holds a Bachelor of Commerce from Murdoch University and was admitted as a Chartered Accountant by the Chartered Accountants Australia and New Zealand (CA) in 1996.



BRAD GORDON

EXECUTIVE DIRECTOR

Brad joined Entrust Wealth Management Pty Ltd as a Senior Investment Adviser in January 2003 and was appointed an Executive Director in November of that year. He has over 30 years experience in the financial services industry, in financial planning, stockbroking and trustee services. Brad is a Senior Associate of FINSIA, a member of the Financial Planning Association (DipFP FPA) and also a member of AICD. Brad is also a recognised Self-Managed Superannuation Fund Specialist and a tax (financial) adviser under the Tax Practitioners Board.



ROWAN JONES

EXECUTIVE DIRECTOR

Rowan joined Entrust Wealth Management Pty Ltd in January 2008 and was appointed an Executive Director in September 2016. He holds a Bachelor of Commerce from Curtin University, a Graduate Diploma of Applied Finance and Investment from FINSIA and he is a Self Managed Superannuation Fund Specialist adviser through the SMSF Association. Prior to joining Entrust, Rowan spent ten years as a professional sportsperson in the AFL with the West Coast Eagles Football Club.



DUNCAN MACKINTOSH

EXECUTIVE DIRECTOR

Duncan joined Entrust Wealth Management Pty Ltd in July 2015 and brings over 20 years of experience in the industry. Duncan performed the role of Chief Investment Officer for Entrust before recently stepping down to focus on his client base. He is a CFA charterholder and holds a Bachelor of Commerce from the University of Western Australia. Duncan has also completed a Graduate Diploma of Applied Finance and a Diploma of Financial Planning.



PHIL GEORGE

EXECUTIVE DIRECTOR

After 10 years with Macquarie Bank, Phil joined with Entrust Wealth Management Pty Ltd in 2014. He holds a Bachelor of Science from University of Western Australia (UWA) and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (SIA).

FUNDS MANAGEMENT

WESTOZ FUNDS MANAGEMENT

WESTOZ FUNDS MANAGEMENT PTY LTD (WFM) WAS ESTABLISHED IN 2005 AND IS RESPONSIBLE FOR \$227 MILLION OF FUNDS UNDER MANAGEMENT AT 30 JUNE 2019.

WFM manages the portfolios of two listed investment companies, Westoz Investment Company Limited (WIC) and Ozgrowth Limited (OZG). WIC commenced its investment activities in 2005 and OZG commenced in 2008.

Each company's objective is to generate a positive return over the medium to long-term, regardless of the movements of the broader share market, from an actively managed portfolio of small to mid-cap ASX listed investments and provide shareholders with a consistent stream of dividends. Stocks selected within the portfolios are generally outside the Top 100 and will typically have a connection to Western Australia whether it be through their assets, operations and/or management.

WIC and OZG have paid \$157 million in dividends to shareholders since inception.



DERMOT WOODS

EXECUTIVE DIRECTOR

Mr Dermot Woods is an Executive Director of Westoz Funds Management Pty Ltd and oversees the construction of its investment portfolios. Mr Woods joined Westoz Funds Management Pty Ltd in 2007. He has previously worked as an industrial analyst for Euroz Securities Limited and prior to this role, as a fund manager specialising in European equities.



PHILLIP REES

NON-EXECUTIVE DIRECTOR

In August 2018 Mr Philip Rees transitioned to a Non-Executive Director role. Prior to this, Mr Philip Rees was an Executive Director of Westoz Funds Management Pty Ltd and was responsible for the operation and development of the manager's business. Mr Rees has worked in a range of roles focused on Australian investment markets for the last 30 years. He has previously managed large institutional investment portfolios and developed several early stage investment opportunities until he joined Westoz in April 2005. Mr Rees remains actively engaged within WFM and is on the Investment Committee.



TIM BANFIELD

HEAD OF DISTRIBUTION

Tim has worked within the funds management industry in Sydney and then in Perth over some 17 years in the roles of client services, marketing and distribution of investment funds to both private client and financial intermediaries across Australia.

Tim joined Westoz Funds Management in 2018 as Head of Distribution.

He holds a Bachelor of Commerce from Curtin University and a Graduate Diploma in Applied Finance and Investment from FINSIA.



JAIME UNDERDOWN

CHIEF OPERATING OFFICER

Mr Jaime Underdown is the Chief Operating Officer of Westoz Funds Management Pty Ltd and is responsible for company operations and reporting. Mr Underdown commenced with Westoz Funds Management in July 2018. Prior to this, he worked for a private mortgage fund and spent seven years in London working for a number of large asset managers including an emerging market hedge fund and Legal and General Investment Management.

FUNDS MANAGEMENT

PRODIGY INVESTMENT PARTNERS

PRODIGY INVESTMENT PARTNERS LIMITED (PRODIGY) IS A MULTI-BOUTIQUE INVESTMENT MANAGEMENT BUSINESS. PRODIGY IS AN 80/20 PARTNERSHIP BETWEEN EUROZ LIMITED AND STEPHEN TUCKER.

Prodigy looks to partner with talented investment management executives in an innovative partnership business model. Prodigy's focus is on creating boutiques that employ limited capacity, high value adding strategies. We believe these strategies are increasingly attractive to the market, and with limited capacity, allow us to include a performance based component in the pricing.

During the 2019 financial year, Prodigy had three partner boutique managers: Flinders Investment Partners Pty Ltd (Flinders), Dalton Street Capital Pty Ltd (Dalton Street) and Equus Point Capital Pty Ltd (Equus).

Flinders is a specialist Small Companies investment manager, with principals Dr Andrew Mouchacca, Richard Macdougall and Naheed Rahman. Significant progress has been made in positioning Flinders to gain market share in specific retail and institutional markets over the past year.

Dalton Street is a specialist Absolute Return investment manager, established in June 2016. Dalton Street Capital is overseen by its principal Portfolio Manager, Alan Sheen, who was previously at Credit Suisse. Dalton Street's approach is predominantly quantitatively based. Alan has successfully run this strategy for over 10 years, delivering strong absolute returns, with low correlation to traditional asset classes. We believe that this is an attractive strategy in the high net wealth and retiree markets.

On 16 August 2018 Prodigy and Euroz announced that they had entered into a new partnership with Equus through the Prodigy joint venture. Equus is a market neutral strategy focusing on Australian equities. We believe it is the first of its kind in the Australian market. Equus will target a return of 5%-10% p.a. above benchmark using a systematic approach to harvest both positive and negative momentum in a risk controlled environment. The Equus team led by Co-Founders and Portfolio Managers Rob Stewart and Toby Masters have been successfully managing this specific strategy for the last 18 months.



STEPHEN TUCKER

EXECUTIVE CHAIRMAN

Steve has over 30 years' experience in financial services. Steve started his career with MLC, worked in superannuation, ran MLC's advice networks, led MLC Investments and finally took over as CEO in 2004. Steve was appointed to the Group Executive of NAB in 2009, responsible for MLC and NAB Wealth until 2014. Most recently Steve founded Prodigy, where he is Executive Chairman. Steve is also Independent Chairman of Koda Capital and a Non-Executive Director of The Banking and Finance oath. Steve is a Director of Flinders Investment Partners, Dalton Street Capital and Equus Point Capital.



LEWIS BEARMAN

PARTNER AND CHIEF OPERATING OFFICER

Lewis brings over 30 years of financial services experience. He held senior roles at Perennial Investment Partners (2003 to 2014), including Chief Operating Officer and Chief Executive Officer. Lewis spent 17 years with County Investment Management (later becoming INVESCO). Lewis has held senior positions in operations, funds management, and various other teams. Lewis joined Prodigy in 2015 as Chief Operating Officer and is a Director of Prodigy.



GUY BALLARD

HEAD OF SALES & MARKETING

Guy has worked in financial services for over 18 years. In his time he held senior distribution roles with both BT Financial Group (2001 to 2005) and MLC (2006 to 2016) where his key focus was developing and executing the retail and wholesale sales strategies for the asset management and platform businesses. Guy joined Prodigy in 2016 and is responsible for funds under management growth across our boutiques.

FUNDS MANAGEMENT

PRODIGY INVESTMENT PARTNERS



AMAN KASHYAP

WHOLESALE SALES DIRECTOR

Aman brings over 18 years of financial services experience specialising in asset management sales. During this time, he has held senior positions in distribution at Ophir Asset Management, NAB Asset Management and ANZ Wealth where his key focus was developing and executing the sales strategy for asset management in the institutional, HNW and retail investment markets. Aman joined Prodigy in early 2017 as Wholesale Sales Director and is responsible for fund raising efforts in the Institutional, Private Wealth and Family Office markets for Prodigy boutique partners.



MATTHEW KENT

RETAIL SALES DIRECTOR

Matthew has over 15 years of experience in financial services, specialising in funds management distribution, superannuation, platforms and advice. He spent 13 years at IOOF in senior distribution leadership roles, team management, and strategic sales. More recently he spent time at State Street Global Advisors distributing quantitative actively managed funds across a variety of asset classes. Matthew joined Prodigy in 2019 as a Retail Sales Director servicing clients in the southern region and is responsible for funds growth of the Prodigy affiliates within the Australian retail advice landscape. Matthew holds degrees including a Bachelor of Business (accounting) from RMIT and a Diploma of Financial Planning.

FLINDERS INVESTMENT PARTNERS



ANDREW MOUCHACCA

PARTNER AND PORTFOLIO MANAGER

Andrew began his career in investment management in 1999. Before establishing Flinders Investment Partners Pty Ltd, Andrew was Senior Investment Manager with the institutional focused fund manager Contango Asset Partners (1999 to 2014). He was the Portfolio Manager of the Small Companies Fund (2009 to 2014) and specialised in the analytical coverage of a range of sectors. His analytical experience has focused on the emerging companies through his involvement in dedicated products in both the small and microcap universe. Critically, Andrew has delivered superior returns (relative to peers) for clients in his capacity as portfolio manager at both Contango and Flinders.



RICHARD MACDOUGALL

PARTNER AND PORTFOLIO MANAGER

Richard began his career in equity markets in 1984. Before establishing Flinders Investment Partners Pty Ltd, Richard was a Partner and Portfolio Manager with the Australian Equities boutique Perennial Growth (2004 to 2015). Prior to this, Richard was a founding executive of Contango Asset Management and a Director of Salomon Smith Barney Australia. He has spent time offshore including roles as Head of Research at ANZ Securities New Zealand and Managing Director of ANZ Securities UK.



NAHEED RAHMAN

PARTNER AND DEPUTY PORTFOLIO MANAGER

Naheed began his career in investment management in 2006. Prior to joining Flinders Investment Partners Pty Ltd, Naheed was an Investment Analyst at Contango Asset Management for over seven years, working closely with Andrew Mouchacca, where he covered several sectors primarily with an emerging companies focus. He began his career at Warakirri Asset Management as a Portfolio Analyst, conducting fund manager research as well as the dealing of securities.

FUNDS MANAGEMENT

DALTON STREET CAPITAL



ALAN SHEEN

CHIEF INVESTMENT OFFICER AND
MANAGING PARTNER

Alan is a co-founder of Dalton Street Capital Pty Ltd. Alan was previously Head of Proprietary Trading for Credit Suisse Australia managing systematic investing and trading across the Asia Pacific region. Prior to this Alan's roles included Portfolio Manager at AMP Capital Investors and Chief Investment Officer at Challenger Ltd. In these roles Alan has been responsible for managing very large portfolios and businesses. Alan commenced trading equities, futures and options in 1996.



RHETT DINSDALE

PORTFOLIO MANAGER

Rhett Dinsdale a Portfolio Manager and Trader at Dalton Street Capital. Rhett has over 15 years of experience in portfolio management, trading and analysis. Rhett has developed and implemented a range of successful systematic quantitative equity and derivative trading strategies managing books up to \$5 billion in funds under management. Rhett worked previously as a Portfolio Manager and Trader at Credit Suisse, where he actively managed systematic quantitative proprietary trading portfolios for the Asia Equities business. Rhett has held positions as an Index Arbitrage and Proprietary Trader at Merrill Lynch and Delta One Swaps and Global Prime Finance Trader at Deutsche Bank.



AJI MATHEWS

MANAGER TECHNOLOGY & TRADING

Aji Mathews is the Quantitative Trading and Technology Manager for Dalton Street Capital. Aji is responsible for quantitative analysis, portfolio management and monitoring, trade execution and trading systems. In his previous role at Credit Suisse, Aji worked closely with Alan and Rhett on the Trading desk, while managing quantitative trading strategies and IT systems. Aji holds a Master's degree in Computer Applications, a Bachelor's degree in Commerce and a Post Graduate Diploma in Business Administration.



ROCHELLE MARTIN

QUANTITATIVE ANALYST

Rochelle has been a Quantitative Analyst at Dalton Street since March 2018. She completed a Masters of Research at Macquarie University in quantum physics, in which she undertook a theoretical study into the superradiance of nitrogen-vacancy centres in nanodiamonds and was awarded the Australian Institute of Physics Prize for coursework. She also completed a Bachelor of Advanced Science at Macquarie University, majoring in Physics and Mathematics.

FUNDS MANAGEMENT

EQUUS POINT CAPITAL



ROB STEWART

CO-FOUNDER AND PORTFOLIO MANAGER

Rob is a co-founder and portfolio manager of Equus Point Capital. Rob has 25 years' of experience in funds management having held senior positions at Challenger Limited and Colonial First State Asset Management where he managed a range of portfolios and investment teams across multiple asset classes. At Challenger his roles encompassed index portfolios, commercial mortgages and asset allocation. At Colonial First State Asset Management Rob was the Head of Index Funds and Asset Allocation.



TOBY MASTERS

CO-FOUNDER AND PORTFOLIO MANAGER

Toby is a co-founder and portfolio manager of Equus Point Capital. Toby has over 20 years' experience in investment markets having held a number of senior investment banking roles within Credit Suisse, JP Morgan and Bankers Trust with a focus on equity derivatives risk management, proprietary trading and arbitrage, product and technology development. Toby was also co-founder and portfolio manager of an arbitrage-focused private hedge fund prior to forming Equus Point Capital. Toby commenced trading equities and equity derivatives for Bankers Trust in 1995.

EUROZ CHARITABLE FOUNDATION

IN 2006, THE EUROZ CHARITABLE FOUNDATION WAS FORMED IN A PRIVATE ANCILLARY FUND (PAF) STRUCTURE THROUGH WHICH EUROZ AND ITS STAFF COULD MAKE DONATIONS, INVEST THESE FUNDS, MAKE DISTRIBUTIONS TO WORTHY CHARITIES AND CONTRIBUTE TO OUR BROADER COMMUNITY.

The businesses within Euroz and many of our staff members have made consistent donations to the Foundation. The funds of the Foundation continue to contribute and make a difference to a number of Western Australian charities and we are pleased that during the past 13 years, we have been able to donate in-excess of \$1.6m to these worthy organisations.

In February 2019 Euroz held its inaugural 'Commission For A Cause' where 100% of all brokerage generated on a day was donated equally to three charities. Euroz raised \$195,881 which resulted in over \$65,000 each being donated to Homeless Healthcare, Teach For Australia and the Perth Children's Hospital Foundation.

In March 2019, the Euroz Charitable Foundation became the naming sponsor for the Perth Children's Hospital (PCH) Euroz Big Walk which raised over \$150,000. The Perth Children's Hospital Foundation helps ensure PCH remains at the forefront of paediatric healthcare by funding life-saving research, specialist staff, vital equipment, complementary services and capital projects.

In addition to financial support, all employees of the Euroz Group are encouraged to volunteer their time to charities in and around their communities.

The Euroz Charitable Foundation has been delighted to support the following charities in recent years:





2019

Financial

Report

For the year ended 30 June 2019

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

DIRECTORS' REPORT

The Directors present their report on the consolidated group consisting of Euroz Limited and the entities it controlled at the end of, or during the year ended 30 June 2019.

The following persons were Directors of Euroz Limited ("Euroz") at any time during or since the end of the financial year and up to the date of this report:

EXECUTIVE CHAIRMAN

Andrew McKenzie

EXECUTIVE DIRECTORS

Jay Hughes

Greg Chessell

Russell Kane

Simon Yeo

Anthony Brittain

Robert Black

COMPANY SECRETARY

Anthony Hewett continues in his role as Company Secretary. Mr Hewett is a Chartered Secretary and holds a Master of Business Law (MBusLaw) from Curtin University and a Graduate Diploma in Applied Corporate Governance (GradDipACG) from the Governance Institute of Australia. Mr Hewett is a Fellow of the Institute of Chartered Secretaries and Administrators (FCSA), a Fellow of the Governance Institute of Australia (FGIA), a Master Member (MSAFAA) of the Stockbrokers and Financial Advisers Association of Australia (SAFAA) and a member of the Australian Institute of Company Directors (AICD).

PRINCIPAL ACTIVITIES

During the year the principal activities of Euroz consisted of:

- (a) Stockbroking & Corporate Finance;
- (b) Funds Management;
- (c) Investing; and
- (d) Wealth Management.

REVIEW OF RESULTS

The consolidated group has a consolidated pre-tax loss of (\$2.8 million) for the year ended 30 June 2019 (2018: profit \$42.9 million).

The consolidated net loss after tax attributable to members was (\$0.1 million) compared with the 2018 year consolidated net profit after tax attributable to members of \$31.3 million. This result represents basic loss per share of (0.07cents) (2018: earnings per share of 19.91 cents).

The Directors have declared a final dividend of 5 cents per share fully franked which combined with the interim dividend of 1.75 cents per share, represents a total dividend of 6.75 cents per share fully franked.

REVIEW OF OPERATIONS

	Segment revenues		Segment results	
	2019 \$	2018 \$	2019 \$	2018 \$
Stockbroking & Corporate Finance	29,564,518	41,537,285	4,074,625	10,153,858
Principal Trading	16,148,035	10,149,130	1,940,445	803,614
Funds Management	4,038,405	13,626,793	(2,763,869)	3,735,118
Investment Income	2,972,469	4,177,883	(7,510,414)	12,525,095
Wealth Management	8,801,676	8,944,689	2,249,613	2,115,640
	61,525,103	78,435,780	(2,009,600)	29,333,325

In comparison to last year's excellent result we would categorise this year's underlying profitability as a reasonable result in somewhat challenging markets. The major contributing factor to the loss is due to decreases in share prices for Westoz Investment Company Limited ("WIC") and Ozgrowth Limited ("OZG"). WIC and OZG have reported gross investment performance of (2.2%) and (9.3%) respectively for the financial year which compares to (12.7%) for the Small Resources Accumulation Index and 1.92% for the Small Ordinaries Accumulation Index for the same period. The mark to market share prices of these companies can have a major accounting effect on our reported profits

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

REVIEW OF OPERATIONS (CONT'D)

and this year have contributed approximately (\$6.7 million) loss after tax to our headline profitability. Group Funds Under Management ("FUM") has increased by 8.2% to \$1.58 billion as at 30 June 2019 from \$1.46 billion as at 30 June 2018. Our Euroz Securities Limited ("Euroz Securities") business raised \$469 million of new equity this financial year for our corporate clients versus \$837 million in the prior period.

OPERATING AND FINANCIAL REVIEW

The purpose of this review is to set out information that shareholders may require to assess Euroz's operations, financial position, business strategies and prospects for future financial years. This information complements and supports the report presented herein.

DISCLOSURE OF OPERATIONS

The consolidated group is principally involved in the following activities:

- (a) Stockbroking & Corporate Finance;
- (b) Funds Management;
- (c) Investing; and
- (d) Wealth Management.

Our operations are conducted over several locations with Perth, Western Australia (WA) being our main office. Other offices are in Sydney, New South Wales and Melbourne, Victoria focusing on Funds Management opportunities. Details of our operations are outlined below:

(a) Stockbroking & Corporate Finance

The Euroz Securities stockbroking operation comprises 4 main divisions as follows:

i. Equities Research

- Highly rated research from market leading research team of 6 analysts
- Our views are highly regarded by Australian and international institutional investors
- Access to the latest online news and financial information
- Based on fundamental analysis, strict financial modelling and regular company contact
 - Goal: Identify and maximise equity investment opportunities for our clients
 - Approach: Intimate knowledge of the companies we cover
 - Coverage: Broad cross section of mostly WA based industrial & resource companies
- Research Products:
 - Company Reports: Detailed analysis on companies as opportunities emerge
 - Morning Note: Overnight market updates
 - Weekly Informer: Compilation of all company reports throughout the preceding week
 - Quarterly and / or Semi-annual Review: Regular coverage on companies in book format

ii. Institutional Dealing

- One of the largest institutional small to mid-cap dealing desks in the Australian market
- Extensive client base of Australian and International institutional investors with strong relationships with small company fund managers
- Distribution network strength - long standing relationships with major institutional investors in the small to mid-cap market
- Western Australia's geographic isolation makes it difficult for institutional investors to maintain close contact with companies based here - investors can rely on our "on the ground" information
- Institutional dealing team "highly focused" on providing the following services:
 - Quality advice and idea generation
 - Efficient execution
 - Regular company contact
 - Site visits
 - Roadshows

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

DISCLOSURE OF OPERATIONS (CONT'D)

iii. Private Clients

- Significant capacity to support new issues and construct quality retail share registers
- Substantial "high net worth" client base (s.708 compliant investors)
- Exposure to high net worth clients via in-house conferences and one-on-one presentations
- Team of highly experienced and qualified private client advisors providing a broader investment offering for clients of Euroz. Our wealth management service provides strategic investment advice, superannuation advice, investment management and portfolio administration service
- Funds Under Management (FUM) of \$357 million (2018: \$301 million) with the majority on our in-house portfolio administration service
- Extensive research support - high quality research on WA based resource and industrial companies enable our advisers to provide quality investment and trading advice
- Specialised broking allows:
 - Close interaction between research analysts and private client advisors
 - Timely communication of ideas with clients
 - Sophisticated investors are able to participate in many of our corporate capital raisings

iv. Corporate Finance

- The corporate finance team is focused on developing strong, long term relationships with our clients.
- Clients are provided with specialised Corporate Advisory services in:
 - Equity Capital Raisings and Underwriting
 - Mergers and Acquisitions
 - Strategic Planning and Reviews
 - Privatisation and Reconstructions
- Established track record in raising equity capital via:
 - Initial Public Offerings (IPO)
 - Placements
 - Rights Issues

(b) Funds Management

Westoz Funds Management Pty Ltd ("WFM") is responsible for managing FUM of \$227 million (2018: \$252 million). It manages funds under mandate from two listed investment companies; Westoz Investment Company Limited ("WIC") and Ozgrowth Limited ("OZG"). Both companies have enjoyed competitive portfolio returns since inception.

WIC commenced its investment activities in May 2005, with OZG commencing in January 2008. Both investment mandates focus on the generation of the target level of returns from investment in small to mid-cap ASX listed securities, generally with a connection to Western Australia. Both portfolios have produced returns in excess of comparable equity benchmarks.

In the past 14 years WIC and OZG have returned \$157 million in fully franked dividends to their shareholders.

Prodigy Investment Partners Limited ("Prodigy") is a funds management partnership with Euroz owning 80% and Mr Steve Tucker, Executive Chairman, owning 20%. The first boutique funds management partnership, Flinders Investment Partners Pty Ltd ("Flinders") was launched in 2015 via the Flinders Emerging Companies Fund. The second boutique, Dalton Street Capital Pty Ltd ("Dalton") was launched in 2016 via the Dalton Street Absolute Return Fund. A third boutique, Equus Point Capital Pty Ltd ("Equus") is a market neutral strategy launched via the Equus Point Capital Market Neutral Fund in 2018.

(c) Investing

Euroz Limited owns significant shareholdings of 27.30% in WIC and 40.58% in OZG. The investment focus of these funds is on small to mid-cap ASX securities with a general connection to Western Australia.

Euroz Limited has also invested directly in units in the Flinders Emerging Companies Fund, Dalton Street Absolute Return Fund, Dalton Street Capital Diversified Futures Fund and Equus Point Capital Market Neutral Fund.

(d) Wealth Management

In July 2015, Euroz acquired Entrust Wealth Management Pty Ltd (formerly Entrust Private Wealth Management Pty Ltd) ("Entrust") which has a 16-year track record as a leading wealth management business. The strategy in acquiring Entrust is to leverage an established wealth management business with long term ongoing revenues as a platform for further acquisitions and organic growth. The past year has seen expansion in funds under management in line with our growth strategy.

Entrust has a significant high net worth client base with FUM of \$881 million (2018: \$801 million).

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

DISCLOSURE OF OPERATIONS – PROFIT

Net loss after tax attributable to members was (\$0.1 million) compared to net profit after tax attributable to members of \$31.3 million in the 2018 financial year. Underlying “cash” profits of approximately \$9.5 million were offset by (\$9.6 million) “non-cash” after tax losses from the mark-to-market of investments.

DISCLOSURE OF OPERATIONS – SALES

Revenue has decreased by (21.6%) to \$61.5 million from \$78.4 million. We would categorise this year's underlying profitability as a reasonable result in somewhat challenging markets.

(a) Stockbroking & Corporate Finance

Stockbroking and Corporate Finance revenue was down by (28.8%) to \$29.6 million from \$41.5 million. After two very good years our securities business has experienced a modestly profitable year with brokerage revenues down approximately 10% on the previous year. Euroz Securities managed 18 (2018:24) Equity Capital Market (“ECM”) transactions this year raising \$469 million (2018: \$837 million). FUM growth in our private client business continues to make progress and was up 19% to \$357 million.

(b) Principal Trading

Revenue from Principal Trading increased by 59.11% to \$16.1 million from \$10.1 million.

(c) Funds Management

Revenue from Funds Management decreased by (70.36%) to \$4.0 million from \$13.6 million in the prior year. Revenue predominantly included management fees received from WFM managed funds. After two years of excellent investment performance WIC and OZG have experienced a year of consolidation. Their respective gross investment performance of (2.2%) and (9.3%) for the financial year compares to (12.7%) for the Small Resources Accumulation Index and 1.92% for the Small Ordinaries Accumulation Index for the same period. Whilst there was no performance fee income to the manager during this period we remain optimistic on resources and Western Australia in general and the opportunity for outperformance in the coming year.

(d) Investment Income

Investment income decreased by (28.9%) to \$3.0 million from \$4.2 million.

(e) Wealth Management

Wealth Management revenue decreased slightly by (1.6%) to \$8.8 million from \$8.9 million. Entrust reported a pleasing improvement in FUM of 10% and a modest increase in profitability versus the previous year. Post the Hayne Royal Commission Entrust has seen a recent increase in potential smaller acquisitions and more realistic price expectations from sellers.

DISCLOSURE OF BUSINESS STRATEGIES AND PROSPECTS - GROWTH

Our aim is building real diversification into our overall business. We are cognisant that we need to significantly grow our wealth management FUM and also grow meaningful FUM in our Prodigy business. Group FUM increased by 8% to \$1.58 billion from \$1.46 billion for the last financial year.

In July 2015, Euroz acquired Entrust which has now been fully integrated alongside Euroz Securities Private Client operations and we believe that both businesses will continue to cross-pollinate their strengths and grow recurring revenue.

During the financial year Prodigy had partnerships with three separate boutique funds, Flinders, Dalton and Equus which are for both retail and wholesale investors. Our long-term strategy is for these boutique funds to provide a steady base of diverse ongoing management fee revenues with potential performance fee upside.

Flinders' gross investment performance of 4.6% for the financial year and performance since inception of 14.5% p.a. Top quartile 1, 2 and 3 year investment performance has seen increasingly retail platform FUM flows with year-end FUM of \$27 million. The fund received an upgraded rating to “Recommended” by Lonsec Research in February 2019. The Flinders sales pipeline is strong with good FUM flow expected in the coming months.

Dalton aims to deliver absolute returns in all market conditions and has reported gross investment performance of (2.5%) for the financial year and 12.4% calendar year to date. In a very difficult period for managed futures and alternative investments in general, Dalton reports that its 3-year performance (since inception) makes it the number one ranked managed futures strategy in Australia. When this extended period of low volatility in global markets inevitably turns we believe that Dalton will once again have the opportunity to post strong absolute performance numbers and that fund inflows will then follow.

In August 2018, Euroz and Prodigy announced the launch of its third boutique funds management partnership, Equus, a market neutral strategy focusing on Australian equities. The fund launched in November 2018 and reported a strong start with 5.6% gross investment performance for this period and is meeting all expectations. This systematic market neutral strategy seeks to achieve consistent, steady returns with low volatility in all types of markets. With return expectations for most markets decreasing and under significant pressure we believe this defensive strategy will become increasingly attractive in the next few years.

Our Prodigy joint venture has experienced some headwinds resulting from continual change in the domestic funds management industry. The internalisation of some investment strategies by Industry funds, the current disruption in some advice businesses and a period of underperformance from alternative funds in general has resulted in modest growth in FUM to \$119 million over the period. We are however pleased with the relative performance of all our funds during the period and are reassured that our predominantly retail distribution

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

DISCLOSURE OF BUSINESS STRATEGIES AND PROSPECTS - GROWTH (CONT'D)

capability will provide increased flow opportunities during this volatile period of change. We have recently increased our sales team to further penetrate the retail market.

We continue to implement our modest diversification strategy and are pleased to pay 6.75 cents per share in fully franked dividends for the year.

The Directors believe that Euroz Group has laid the foundations for our strategy to build a more consistent base of underlying recurring revenues through our growing wealth and funds management businesses whilst still retaining the transaction-based upside of our traditional stockbroking business.

DISCLOSURE OF BUSINESS STRATEGIES AND PROSPECTS - MATERIAL BUSINESS RISKS

The past year continues the trend of extremely volatile trading conditions. Like many businesses we have experienced solid trading months which are often then undermined by any combination of uncertainties. These may take the form of economic concerns, political instability, inflation and growth concerns and / or alternating commodity price movements.

Given this backdrop and the increasingly competitive landscape it has created, we are pleased with our overall results for the financial year. Our entire team has worked hard to manage our costs and generate profits and dividends for shareholders.

FINANCIAL POSITION

The net assets of the consolidated group have decreased to \$117.8 million at 30 June 2019 from \$130.5 million at 30 June 2018. The Company and consolidated group's financial performance has enabled it to continue to pay dividends to shareholders during the year while maintaining a healthy working capital ratio. The consolidated group's working capital, being current assets less current liabilities, is \$25.1 million at 30 June 2019 (30 June 2018: \$30.7 million).

During the past eleven years the Company has invested in expanding each of its business units to secure its long-term success. In particular it has increased its strategic investments in the investment products of WFM, Prodigy and Entrust as a platform for our future wealth management ambitions.

Our group remains in an extremely sound financial position with cash and investments of \$110.9 million (including the Pershing security deposit of \$5 million) as at 30 June 2019. We have a Net Tangible Assets (NTA) of 69¢ per share and no debt. Euroz has a proud history of consistent profits and dividends having paid a total of \$222 million in fully franked dividends over the past 19 years.

The Directors believe the Company is in a strong and stable financial position to expand and grow its current operations.

	2019 Cents	2018 Cents
(Loss) / Earnings per share		
Basic (loss) / earnings per share	(0.07)	19.91
Diluted (loss) / earnings per share	(0.07)	19.42

DIVIDENDS – EUROZ LIMITED

Dividends paid or provided for during the financial year were as follows:

	2019 \$	2018 \$
Interim ordinary dividend of 1.75 cents (2018: 1.75 cents) per fully paid ordinary share was paid on 30 January 2019.	2,817,314	2,817,314
Provision for final ordinary dividend for 30 June 2019 of 5 cents (2018: 9.25 cents) per fully paid ordinary share paid on 7 August 2019.	8,049,469	14,891,518
	10,866,783	17,708,832

Of the total dividends paid during the year, \$7,816 (2018: \$22,110) was paid to the Euroz Share Trust and is undistributed. Therefore, it has been eliminated on consolidation.

STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the consolidated group during the year other than the acquisition of 1,265,500 treasury shares on-market and the vesting of 398,190 shares under the Performance Rights Plan.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

SHARE OPTIONS

There were no options on issue at 30 June 2019 and 30 June 2018.

ENVIRONMENTAL REGULATION

The consolidated group is not subject to significant environmental regulation in respect of its operations.

EVENTS AFTER REPORTING DATE

On 12 July 2019, Entrust Private Wealth Management Pty Ltd changed its name to Entrust Wealth Management Pty Ltd.

The Directors are not aware of any other matter or circumstance subsequent to 30 June 2019 that has significantly affected, or may significantly affect:

- (a) the consolidated group's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the consolidated group's state of affairs in future financial years.

LIKELY DEVELOPMENTS

The Directors are confident that a strong statement of financial position and established business platforms will support the Company in increasingly volatile market conditions.

Further information on likely developments in the operations of the consolidated group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated group.

INFORMATION ON DIRECTORS

Information on Directors	Particulars of Directors' interests in shares of Euroz Limited		
Director	Experience	Special responsibilities and qualifications	Ordinary shares*
A McKenzie <i>Executive Chairman</i>	Mr McKenzie has worked in the stockbroking industry since 1991.	Executive Chairman of Euroz Limited, Euroz Securities and Westoz Funds Management Executive Director of Prodigy Investment Partners, Flinders Investment Partners, Dalton Street Capital and Equus Point Capital Member of Euroz Limited Remuneration Committee Member of Euroz Securities Underwriting Committee Holds a Bachelor of Economics Degree from the University of the Western Australia ("UWA") and is a Master Member (MSAFAA) of SAFAA	12,680,051
J Hughes <i>Director</i>	Mr Hughes has worked in the stockbroking industry since 1986.	Executive Director of Euroz Limited, Euroz Securities, Westoz Funds Management and Prodigy Investment Partners Executive Chairman of Westoz Investment Company Limited and Ozgrowth Limited Member of Euroz Limited Remuneration Committee Member of Euroz Securities Underwriting Committee Holds a Graduate Diploma in Applied Finance and Investment from FINSIA and is a Master Member (MSAFAA) of SAFAA	12,690,912
G Chessell <i>Director</i>	Mr Chessell has worked in the stockbroking industry since 1996.	Executive Director of Euroz Limited and Euroz Securities Member of Euroz Limited Audit & Risk Committee Established the Research Division of Euroz Securities which he headed up until October 2017 before moving to Corporate Finance team Holds a Bachelor of Applied Science in Geology and a Graduate Diploma in Business	4,846,812

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

INFORMATION ON DIRECTORS (CONT'D)

Information on Directors			Particulars of Directors' interests in shares of Euroz Limited
Director	Experience	Special responsibilities and qualifications	Ordinary shares*
R Kane <i>Director</i>	Mr Kane has worked in the stockbroking industry since 1994.	Executive Director of Euroz Limited and Euroz Securities Institutional Dealer at Euroz Securities responsible for servicing both domestic institutions and high net worth clients Member of Euroz Securities Underwriting Committee Holds a Bachelor of Business from Edith Cowan University (ECU)	3,411,337
S Yeo <i>Director</i>	Mr Yeo has worked in the stockbroking industry since 1993	Executive Director of Euroz Limited and Euroz Securities Established the Private Client Division of Euroz Securities which he headed up until October 2013 before moving to a specialised role within the Institutional Dealing team Member of Euroz Limited Audit & Risk Committee Holds a Bachelor of Commerce degree from UWA	4,709,197
A Brittain <i>Director</i>	Mr Brittain has worked in the funds management and stockbroking industry since 1992.	Executive Director of Euroz Limited, Euroz Securities, Entrust Wealth Management, Prodigy Investment Partners, Flinders Investment Partners, Dalton Street Capital and Equus Point Capital Chief Operating and Financial Officer Member of Euroz Limited Audit and Risk Committee Member of Euroz Securities and Entrust Wealth Management Compliance Committee Member of Prodigy Investment Partners Risk and Compliance Committee Member of Euroz Securities Underwriting Committee Holds a Bachelor of Commerce degree from UWA, a member of the Chartered Accountants Australia and New Zealand (CA), holds a Graduate Diploma in Applied Finance and Investment from FINSIA, a Graduate member (GAICD) of AICD and a Master Member (MSAFAA) of SAFAA	590,062
R Black <i>Director</i>	Mr Black has worked in stockbroking industry since 1993.	Executive Director of Euroz Limited, Euroz Securities and Entrust Wealth Management Managing Director of Euroz Securities Head of Euroz Securities Institutional Sales Member of Euroz Limited Remuneration Committee Member of Euroz Securities Underwriting Committee Member of Euroz Securities Compliance Committee Holds a Bachelor of Business Degree from ECU and is a Graduate member (GAICD) of AICD	4,400,000

*Balance as at the date of signing the report and total shares includes shares allocated under the Performance Rights Plan.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2019 and the numbers of meetings attended by each Director were:

Director	Directors Meetings		Committee Meetings			
	Number eligible to attend	Number attended	Audit		Remuneration	
			Number eligible to attend	Number attended	Number eligible to attend	Number attended
Andrew McKenzie	17	17	-	-	2	2
Jay Hughes	17	17	-	-	2	2
Greg Chessell	17	12	3	3	-	-
Russell Kane	17	15	-	-	-	-
Simon Yeo	17	14	3	3	-	-
Anthony Brittain	17	17	3	3	-	-
Robert Black	17	16	-	-	2	2

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Key Management Personnel ("KMP") remuneration arrangements of the Company and the consolidated group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report KMP of the consolidated group are defined as those persons having authority for the strategic management and direction of the consolidated group including any Director (whether executive or otherwise) of the parent Company.

KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated group's operations. The Board undertakes regular reviews of its performance and the performance of the Board against expectations made at the start of the year. Performance related bonuses are available to KMP based on their performance and that of the Company.

REMUNERATION POLICY

The remuneration policy has been designed to align the interests of shareholders, Directors and executives. Euroz remunerates its Directors, executives and other employees by way of a fixed base salary, commission and a combination of short and long term incentives. The Company believes this policy to have been effective in increasing shareholder wealth since inception.

The following table shows the gross revenue, profits and dividends for the last five years for the Company, as well as the share price at the end of the respective financial years.

	2015	2016	2017	2018	2019
	\$	\$	\$	\$	\$
Revenue (including gains on fair value movements in investment entities)	38,898,781	41,924,867	70,372,892	92,087,944	47,548,618
Net profit / (loss) after tax attributable to members	(7,039,395)	3,560,417	19,371,167	31,263,812	(107,685)
Share price at year end	1.00	0.79	1.08	1.25	1.25
Dividends paid or recommended	7,886,167	6,438,992	11,671,730	17,708,832	10,866,783

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The Board / Remuneration Committee ensure that executive rewards satisfy the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linked
- transparency
- capital management

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

REMUNERATION REPORT (CONT'D)

Directors' fees

No Directors fees are paid to Executive Directors.

Non-Executive Directors are paid a fixed base salary and superannuation for their role on the Board.

Base pay

All Directors and executives are offered a competitive base salary and superannuation. Base pay for senior executives is reviewed semi annually by the Remuneration Committee to ensure it is competitive with the market. Base pay is also reviewed upon promotion or additional responsibilities.

There is no guarantee of base pay increases fixed in any senior executive or Directors contracts.

Executives are offered a competitive salary that comprises of a base salary inclusive of superannuation and a combination of some of the following short term incentives, dependant on the terms of the individual employment contract:

- Participation in the profit share pool
- Commission
- Discretionary Bonus

Profit share pool - Euroz Securities

Directors and executives are invited to participate in the profit share pool. The Remuneration Committee determines the allocation of up to 40% pre tax profit on an ongoing basis. In consultation with relevant Department Heads, the Committee uses the following informal criteria to assist in the allocation:

- Ability to perform individual tasks within the relevant department.
- Ability to add value and innovate beyond the job standard specifications.
- Development of new and existing client relationships.
- Ability to interact with other relevant departments as part of a larger team approach.
- Relevant industry salary benchmarking.
- General requirements to attract and retain staff.

The profit share payment is made as a combination of cash (75%) and equity (25%) in the Performance Rights Plan as detailed below in "Equity based payments".

The three executives on the Remuneration Committee (Andrew McKenzie, Jay Hughes and Robert Black, Executive Directors of Euroz Limited) are also entitled to participate in the profit share pool. In these circumstances two members assess the performance of the third member.

Commission

Private Client Advisors are paid a commission in addition to a base salary and superannuation. This is calculated on a sliding scale. Eligible Private Client Advisors are also invited to participate in the Performance Rights Plan based on certain performance hurdles set out in the employment contract.

Discretionary bonus

Executives and other staff members who do not participate in the profit share pool are paid a discretionary bonus based on the profitability of the Company. Similar to the profit share pool, the distribution of the discretionary bonus is also leveraged to the individual's performance and is made as a combination of cash (75%) and equity (25%) as detailed below in "Equity based payments".

Equity based payments

A Performance Rights Plan was established in 2014 as a long term incentive to assist in the reward, retention and motivation of Directors, executives and staff members. Eligible employees are invited to participate in this plan and are awarded a Performance right at the beginning of the year. There are three separate long term incentives depending on the individual employment contract as below:

- Profit share
- Discretionary bonus
- Commission

The Performance Right represents a right to be issued a number of ordinary shares in Euroz to reflect 25% of the profit share or the discretionary bonus that is paid to the participant. Private Client Advisors who are paid a commission may also be paid 5% of their total monthly brokerage, portfolio administration revenue or 25% of corporate finance introduction fees in equity. The shares issued will only vest to the employee after 3 years subsequent service following the initial year of service.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

DETAILS OF REMUNERATION

Details of the nature and amount of each element of the emoluments of each KMP of the Group are set out in the following tables.

2019	Short-term			Post-Employment	Share Based Payment	Total	Performance related
	Base salary	Profit Share/ bonus	Other benefits	Superannuation	Performance Rights		
	\$	\$	\$	\$	\$	\$	
Andrew McKenzie	243,149	281,250	21,922	25,000	120,313	691,634	58%
Jay Hughes	250,000	281,250	25,461	25,000	120,313	702,024	57%
Greg Chessell	254,469	127,500	17,961	20,531	57,500	477,961	39%
Russell Kane	250,000	180,000	18,022	25,000	91,250	564,272	48%
Simon Yeo	254,469	142,500	20,167	20,531	65,625	503,292	41%
Robert Black	254,469	270,000	17,085	20,531	99,063	661,148	56%
Anthony Brittain	250,000	93,750	18,755	25,000	43,438	430,943	32%
Dermot Woods	225,000	120,000	9,153	25,000	54,063	433,216	40%
Phil Rees*	234,308	-	8,975	9,688	105,625	358,596	29%
Total	2,215,864	1,496,250	157,501	196,281	757,190	4,823,086	

*Retired and ceased to be a KMP on 31 August 2018 after which he received a Director's fee as a Non-Executive Director of WFM.

All other current Directors did not receive any Directors fees.

2018	Short-term			Post-Employment	Share Based Payment	Total	Performance related
	Base salary	Profit Share/ bonus	Other benefits	Superannuation	Performance Rights		
	\$	\$	\$	\$	\$	\$	
Andrew McKenzie	250,000	487,500	26,894	25,000	104,375	893,769	66%
Jay Hughes	219,602	487,500	23,625	24,087	104,375	859,189	69%
Doug Young (retired 1 July 2017)	78,931	-	-	-	105,313	184,244	57%
Greg Chessell	254,951	217,500	12,578	20,049	51,250	556,328	48%
Russell Kane	254,951	446,250	17,721	20,049	82,500	821,471	64%
Simon Yeo	254,951	228,750	20,242	20,049	60,000	583,992	49%
Robert Black	254,951	375,000	16,320	20,049	83,438	749,758	61%
Phil Rees	229,951	270,000	16,749	20,049	47,813	584,562	54%
Anthony Brittain	250,000	168,750	18,425	25,000	40,000	502,175	42%
Total	2,048,288	2,681,250	152,554	174,332	679,064	5,735,488	

Current Directors did not receive any Directors fees.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

REMUNERATION REPORT (CONT'D)

SERVICE AGREEMENTS

Remuneration and other terms of employment for the Key Management Personnel are formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses and other benefits. Notwithstanding the agreed salary in the service agreement, the base salary may be reduced or increased based on trading conditions. Other major provisions of the agreements relating to remuneration are set out below.

Andrew McKenzie, Executive Chairman

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2019 of \$275,000 (2018 - \$275,000) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

Jay Hughes, Director

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2019 of \$275,000 (2018 - \$275,000) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

Greg Chessell, Director

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2019 of \$275,000 (2018 - \$275,000) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

Russell Kane, Director

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2019 of \$275,000 (2018 - \$275,000) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

Simon Yeo, Director

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2019 of \$275,000 (2018 - \$275,000) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

Anthony Brittain, Director

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2019 of \$275,000 (2018 - \$275,000) plus bonus
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

Robert Black, Director

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2019 of \$275,000 (2018 - \$275,000) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

Phil Rees, Non-Executive Director Westoz Funds Management Pty Ltd

- Retired and ceased to be a KMP on 31 August 2018
- Term of contract - ongoing as Non- Executive Director

Dermot Woods, Director Westoz Funds Management Pty Ltd

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2019 of \$250,000 (2018 - \$250,000) plus bonus
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

REMUNERATION REPORT (CONT'D)

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The movement during the reporting year in the number of shares in Euroz Limited held, directly, indirectly or beneficially, by each member of KMP, including related parties, is as follows:

2019	Balance at 1 July 2018	Received via PRP ⁽ⁱ⁾	Net change other *	Bought & (sold)	Balance at 30 June 2019
Ordinary shares					
A McKenzie	12,501,269	78,782	-	100,000	12,680,051
J Hughes	12,512,130	78,782	-	100,000	12,690,912
G Chessell	4,636,160	35,714	-	68,406	4,740,280
R Kane	3,252,586	50,420	-	50,000	3,353,006
S Yeo	4,421,281	39,916	-	148,000	4,609,197
R Black	3,773,306	75,630	-	426,694	4,275,630
A Brittain	563,801	26,261	-	-	590,062
P Rees	1,474,907	-	-	(474,906)	1,000,001
D Woods	-	-	818,275	-	818,275
	43,135,440	385,505	818,275	418,194	44,757,414

2018	Balance at 1 July 2017	Received via PRP ⁽ⁱ⁾	Net change other *	Bought & (sold)	Balance at 30 June 2018
Ordinary shares					
A McKenzie	12,138,971	134,298	-	228,000	12,501,269
J Hughes	12,303,832	134,298	-	74,000	12,512,130
D Young	4,734,540	-	(4,734,540)	-	-
G Chessell	4,558,243	59,917	-	18,000	4,636,160
R Kane	3,089,652	122,934	-	40,000	3,252,586
S Yeo	4,206,264	63,017	-	152,000	4,421,281
R Black	3,531,347	103,306	-	138,653	3,773,306
A Brittain	517,313	46,488	-	-	563,801
P Rees	1,400,527	74,380	-	-	1,474,907
	46,480,689	738,638	(4,734,540)	650,653	43,135,440

*Net change reflects commencement or cessation as a KMP.

(i) These shares are held by the Euroz Share Trust and are currently vesting in accordance with the Euroz Performance Rights Plan (PRP).

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

REMUNERATION REPORT (CONT'D)

PERFORMANCE RIGHTS HELD BY KEY MANAGEMENT PERSONNEL

The movement during the reporting period in performance rights in Euroz Limited held, directly, indirectly or beneficially, by each KMP, including related parties, is as follows:

2019	Granted as remuneration	Vested
Performance Rights		
A McKenzie	1	(1)
J Hughes	1	(1)
G Chessell	1	(1)
R Kane	1	(1)
S Yeo	1	(1)
R Black	1	(1)
A Brittain	1	(1)
D Woods	1	(1)
	8	(8)

2018	Granted as remuneration	Vested
Performance Rights		
A McKenzie	1	(1)
J Hughes	1	(1)
G Chessell	1	(1)
R Kane	1	(1)
S Yeo	1	(1)
R Black	1	(1)
A Brittain	1	(1)
P Rees	1	(1)
	8	(8)

These performance rights were issued in accordance with the PRP. Rights are granted on 1 July each year and vest on 30 June.

SHARE BASED COMPENSATION

A performance right was issued to KMPs as part of their annual bonus / profit share plan. The fair value of each right is calculated as 25% of each member's bonus entitlement. The performance rights are subject to a 4-year vesting period. Total fair values of performance rights issued to KMPs in the year amounts to \$757,190 (2018: \$679,064).

LOANS KEY MANAGEMENT PERSONNEL

No loans were made to Directors of Euroz Limited and the KMPs of the consolidated group, including their personally related entities during the year.

REMUNERATION REPORT - END

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Euroz Limited has a deed of indemnity for all the Directors and Officers of the Company against all losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company. The Company agreed to indemnify and keep indemnified the Directors and Officers against all liabilities by the Directors and Officers as a Director and Officer of the Company to the extent permitted under the Corporations Act 2001.

During the financial year, Euroz Securities Limited paid a premium on behalf of the Group to insure the Directors and Officers of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company.

INDEMNIFICATION OF AUDITORS

The Company has not indemnified the auditor and has not paid an insurance premium to insure the auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to such proceedings during the year.

NON-AUDIT SERVICES

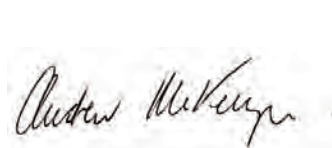
The following non-audit services were provided by the group's auditor, PKF Perth. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. PKF Perth received or is due to receive the following amounts for the provision of non-audit services:

	\$
Tax compliance and other services	40,686

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and follows the Directors' report.

This report is made in accordance with a resolution of the Directors.



Andrew McKenzie

Executive Chairman



Robert Black

Executive Director

Date: 20 August 2019

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

PKF Perth



Advisory • Audit
Business Solutions

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF EUROZ LIMITED

In relation to our audit of the financial report of Euroz Limited for the year ended 30 June 2019, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'PKF Perth'.

PKF PERTH

A handwritten signature in blue ink that reads 'Shane Cross'.

SHANE CROSS
PARTNER

20 AUGUST 2019
WEST PERTH
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
Revenue	4	61,525,103	78,435,780
(Loss) / Gain on fair value movement on investments		(13,976,485)	13,652,164
Employee benefits expense		(24,978,245)	(28,049,408)
Depreciation and amortisation expenses		(385,708)	(309,412)
Regulatory expenses		(496,958)	(210,824)
Legal, professional and consultancy expenses		(668,851)	(667,116)
Conference and seminar expenses		(932,955)	(968,088)
Stockbroking expenses		(4,159,110)	(4,384,561)
Communication expenses		(393,054)	(340,348)
Carrying amount of principal trading securities sold		(13,107,836)	(9,435,629)
Loss on deconsolidation	5	-	(29,572)
Other expenses		(5,254,427)	(4,782,546)
(Loss) / Profit before income tax expense	5	(2,828,526)	42,910,440
Income tax benefit / (expense)	6	818,926	(13,577,115)
(Loss) / Profit after income tax expense for the year		(2,009,600)	29,333,325
Other comprehensive income			
Other comprehensive income net of tax		-	-
Total comprehensive (loss) / income for the year		(2,009,600)	29,333,325
(Loss) / Profit for the year is attributable to:			
Non-controlling interest		(1,901,915)	(1,930,487)
Owners of Euroz Limited		(107,685)	31,263,812
		(2,009,600)	29,333,325
Total comprehensive (loss) / income for the year is attributable to:			
Non-controlling interest		(1,901,915)	(1,930,487)
Owners of Euroz Limited		(107,685)	31,263,812
		(2,009,600)	29,333,325
Basic (loss) / earnings per share (cents)	33	(0.07)	19.91
Diluted (loss) / earnings per share (cents)	33	(0.07)	19.42

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

	Notes	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	7	27,383,046	39,390,169
Trade and other receivables	8	1,934,887	2,181,061
Inventories	9	7,430,215	12,855,087
Other current assets	10	1,379,065	4,103,235
Current tax receivable	18	217,140	-
Total current assets		38,344,353	58,529,552
NON-CURRENT ASSETS			
Long term receivable	11	5,000,000	5,000,000
Investments	12	13,136,978	14,519,955
Investment entities at fair value	13	58,016,264	67,586,696
Plant and equipment	14	715,152	736,579
Deferred tax assets	15	6,960,607	4,427,658
Intangible assets	16	10,178,785	10,178,785
Total non-current assets		94,007,786	102,449,673
TOTAL ASSETS		132,352,139	160,979,225
CURRENT LIABILITIES			
Trade and other payables	17	1,772,881	4,637,251
Current tax liabilities	18	-	5,075,257
Short term provisions	19	11,446,094	18,129,112
Total current liabilities		13,218,975	27,841,620
NON-CURRENT LIABILITIES			
Deferred tax liabilities	20	1,313,068	2,657,601
Long term provisions	21	24,680	4,979
Total non-current liabilities		1,337,748	2,662,580
TOTAL LIABILITIES		14,556,723	30,504,200
NET ASSETS		117,795,416	130,475,025
EQUITY			
Issued capital	22 (a)	101,333,244	102,343,793
Reserves	22 (g)	3,846,281	2,646,774
Retained earnings		18,503,754	29,470,406
Equity attributable to the owners of Euroz Limited		123,683,279	134,460,973
Non-controlling interest		(5,887,863)	(3,985,948)
TOTAL EQUITY		117,795,416	130,475,025

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

	Issued Capital \$	Share Based Payment Reserve \$	Retained Earnings \$	Non-Controlling Interest \$	Total \$
Balance at 1 July 2017	103,246,026	2,217,421	15,893,316	(2,055,461)	119,301,302
Profit for the period	-	-	31,263,812	(1,930,487)	29,333,325
Total comprehensive income for the period	-	-	31,263,812	(1,930,487)	29,333,325
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	-	-	-	-	-
Vested shares under employee share plan	1,006,123	(1,006,123)	-	-	-
Treasury shares	(1,908,356)	-	-	-	(1,908,356)
Share issue cost	-	-	-	-	-
Share based payments	-	1,435,476	-	-	1,435,476
Dividends to equity holders	-	-	(17,686,722)	-	(17,686,722)
Total contributions by and distributions to owners	(902,233)	429,353	(17,686,722)	-	(18,159,602)
Balance at 30 June 2018	102,343,793	2,646,774	29,470,406	(3,985,948)	130,475,025
Balance at 1 July 2018	102,343,793	2,646,774	29,470,406	(3,985,948)	130,475,025
Loss for the period	-	-	(107,685)	(1,901,915)	(2,009,600)
Total comprehensive loss for the period	-	-	(107,685)	(1,901,915)	(2,009,600)
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	-	-	-	-	-
Vested shares under employee share plan	494,685	(494,685)	-	-	-
Treasury shares	(1,494,734)	-	-	-	(1,494,734)
Share issue cost	(10,500)	-	-	-	(10,500)
Share based payments	-	1,694,192	-	-	1,694,192
Dividends to equity holders	-	-	(10,858,967)	-	(10,858,967)
Total contributions by and distributions to owners	(1,010,549)	1,199,507	(10,858,967)	-	(10,670,009)
Balance at 30 June 2019	101,333,244	3,846,281	18,503,754	(5,887,863)	117,795,416

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

	Notes	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		44,555,436	60,386,371
Payments to suppliers and employees (inclusive of goods and services tax)		(37,920,386)	(36,582,581)
		6,635,050	23,803,790
Interest received		572,511	492,045
Proceeds from sale of trading shares		16,092,302	10,105,513
Income taxes		(8,350,953)	(7,079,784)
Payments for trading shares		(11,196,545)	(15,060,563)
Net cash flows from operating activities	32	3,752,365	12,261,001
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment in WIC & OZG		-	(100,254)
Payments for management investment schemes		(2,000,000)	(3,000,020)
Receipts from disposal of management investment schemes		2,876,534	-
Dividends and trust distributions received		2,934,506	3,030,590
Payments for plant and equipment		(364,281)	(395,408)
Payments for treasury shares		(1,494,731)	(1,908,356)
Net cash flows from / (used in) investing activities		1,952,028	(2,373,448)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(17,701,016)	(11,649,620)
Share issue cost		(10,500)	-
Net cash flows from / (used in) financing activities		(17,711,516)	(11,649,620)
Net decrease in cash and cash equivalents		(12,007,123)	(1,762,067)
Cash and cash equivalents at 1 July		39,390,169	41,152,236
Cash and cash equivalents at 30 June	7	27,383,046	39,390,169

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements as issued by the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for "for-profit" oriented entities.

This financial report has been authorised by the Directors to be issued on 20 August 2019. The Directors have the power to amend and reissue the financial statements.

Euroz Limited is a listed public Company, trading on the Australian Securities Exchange and Chi - X, limited by shares, incorporated and domiciled in Australia.

The financial report of Euroz Limited and controlled entities (the group or consolidated group), complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Separate financial information of the parent Company has been included in Note 34 as permitted by amendments to the Corporations Act 2001. The financial report is presented in Australian dollars which is the group's functional and presentation currency. Amounts are rounded to the nearest dollar in accordance with Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting policies

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Euroz Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all controlled entities for the year then ended. Euroz Limited and its controlled entities together are referred to in this financial report as the consolidated group.

Subsidiaries are all those entities over which the consolidated group has control. The consolidated group controls an entity when the consolidated group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the consolidated group.

A change in ownership interest without the loss of control is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated group. All controlled entities have a 30 June financial year end.

(b) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Income tax (cont'd)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Euroz Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. The group formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax sharing agreement whereby each Company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(c) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, and the consolidated group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(d) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Brokerage revenue

Brokerage revenue from share trading is considered to be derived from a single obligation being the completion of a share trading transaction. Accordingly, at the completion of the transaction the revenue is recognised.

External trail commission classified as brokerage is also considered a distinct service and does not involve other promised goods or services. Therefore, revenue is recognised at the completion of the service.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Revenue recognition (cont'd)

Underwriting, placement fees and corporate retainers

Corporate retainers relate to the service fee for work performed such as corporate advisory services. This service is considered a distinct performance obligation and accordingly revenue is recognised as the service is completed in accordance with the engagement mandate.

Placement fees are fees charged on raising capital for clients. This is determined to be the single performance obligation and revenue is recognised as the service is completed in accordance with the engagement mandate.

Underwriting fees are derived upon the satisfactory completion of the engagement criteria which may be the execution of a capital raising or the sale of a pre-determined number of shares for a client. The performance obligation is determined to be the completion of the capital raise or sale of the shares and revenue is recognised as the service is completed in accordance with the engagement mandate.

The payment terms in relation to this source of revenue is 7 days.

Performance and management fees

Performance fee income is derived from investment management agreements based on the performance of an underlying fund over a contracted period of time. If the fund performance exceeds a specified threshold the performance fee payable is determined and recorded as revenue at the conclusion of the performance period. The performance obligation is determined to be singular being to achieve a certain performance target over a specified period.

Management fee income is derived from investment management agreements whereby a monthly management fee is payable based on the fund value. The performance obligation is the monthly management of the fund and revenue is recorded monthly following the completion of the month.

The payment terms in relation to this source of revenue is 7 days.

Wealth management fees

Wealth management fee income is derived from agreements with clients individually whereby a monthly management fee is payable based on the portfolio value. The performance obligation is the monthly management of the portfolio and revenue is recorded monthly following the completion of the month.

Proceeds from the sale of investments

Share trading revenue from the sale of stocks in the jobbing account is recognised on the day the security is traded. Revenue comprises the gross proceeds on sale of the security. The single performance obligation is the sale of the security.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(e) Receivables

Trade receivables are recognised as current receivables as they are generally settled within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

All trade receivables relating to brokerage and principal trading have been transferred to Pershing Securities (Australia) Pty Ltd who provides a trust account facility as part of the clearing and settlement service.

(f) Inventories

Inventories are stocks held in the operating (house) account at year end. All inventory is held at fair value. Refer to Note 1 (t) financial assets at fair value through profit or loss.

(g) Plant and equipment

Each class of plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Plant and equipment (cont'd)

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the residual values commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	25%
Plant and equipment	25 - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

(h) Leasehold improvements

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated group, whichever is the shorter.

(i) Leases

Operating lease payments are charged to the statement of profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(j) Trade and other payables

Trade and other payables also include other liabilities for goods and services provided to the consolidated group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

All trade payables relating to brokerage and principal trading have been transferred to Pershing Securities (Australia) Pty Ltd who provides a trust account facility as part of the clearing and settlement service.

(k) Dividends

Provision is made for the amount of any dividend declared and authorised by the Directors on or before the end of the financial year, but not distributed at reporting date.

(l) Options

The fair value of options in the shares of the Company issued to Directors and other parties is recognised as an expense in the financial statements in relation to the granting of these options.

(m) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. There have been no changes to the method used to calculate this liability.

(iii) Superannuation

Contributions are made by the consolidated group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee benefits (cont'd)

(iv) Employee benefit on costs

Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Options/performance rights

The fair value of options/performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date.

The fair value of options at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of performance rights is estimated at grant date based on expectations of the bonus that will be paid at year end to eligible employees. Each performance right is subject to a 4-year vesting condition. At the end of year 1, the performance right converts to plan shares that are subject to a 3-year service condition. The Board may, at their discretion accelerate the vesting period.

(vi) Profit-sharing

The consolidated group recognises a liability and an expense for profit-sharing based on a formula that takes into consideration the profit attributable to the Company's employees after certain adjustments.

(vii) Termination benefits

The consolidated group recognises a liability and an expense when the group demonstrates a commitment to either terminate the employee before the normal retirement date or provide termination benefits as a result of an offer made to the employee prior to retirement date.

(n) Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. The potential impact of issuing treasury shares externally is considered when calculating diluted earnings per share.

(p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Fair value measurement (cont'd)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(q) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated group for similar financial instruments.

(r) 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 Tax 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.

(s) Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share-based payments reserve.

(t) Investments and Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Investments and Other Financial Assets (cont'd)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(u) Current / non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(w) Intangible asset

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(x) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(y) New standards and interpretations

The consolidated 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 their operations and effective for the current year. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) New standards and interpretations (cont'd)

The following new Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. There is no financial impact on the consolidated entities primary statements from the adoption of AASB 9.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The adoption of AASB 15 does not have any financial impact on the accounting for revenue in the consolidated entity but has resulted in a change to the description of accounting policies and revenue notes.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 and its impact on adoption is expected to result in total assets increasing by \$5,434,065, total liabilities increasing by \$5,551,232 and net assets decreasing by \$117,167.

The Australian Accounting Standards Board ('AASB') has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The group has decided against the early adoption of any of these standards.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) New standards and interpretations (cont'd)

New Accounting Standards and Interpretations not yet mandatory or early adopted (cont'd)

AASB No.	Title	Application date of standard	Issue date
AASB 2017-4	Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments	1 January 2019	July 2017
AASB 2017-6	Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	1 January 2019	October 2017
AASB 2017-7	Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	1 January 2019	December 2017
AASB 2018-1	Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019	February 2018
AASB 2018-2	Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement	1 January 2019	March 2018
AASB 2018-5	Amendments to Australian Accounting Standards – Deferral of AASB 1059	1 January 2019	October 2018
AASB 2018-6	Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020	December 2018
AASB 2018-7	Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	December 2018
AASB 2019-1	Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020	May 2019
AASB 16	Leases	1 January 2019	February 2016
AASB Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019	June 2017

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements incorporated in the financial statements are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates and judgments

(i) Impairment

At each reporting date, the consolidated group compares the carrying values and market values of investments to determine whether there is any indication of impairment. If impairment indicators exist, any excess of the investment entity's carrying value over the recoverable amount is expensed to the statement of profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(ii) Classification of inventories

The consolidated group has decided to classify investments in listed securities at fair value through profit and loss. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or credited to the statement of profit or loss.

(iii) Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences and tax losses, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences are recognised to the extent that there are future profits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key estimates and judgments (cont'd)

(iv) Goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, the goodwill on acquisition of Blackswan Equities Limited is allocated to private client broking cash-generating unit which represents the lowest level at which it is monitored for internal management purposes. At 30 June 2019, goodwill totalling \$2,803,345 has been allocated to the private client broking cash-generated unit. The assumptions used for determining the recoverable amount are based on past experience and expectations for the future. Projected cash flows for each cash-generated unit are discounted using an appropriate discount rate and a value in use is determined over a 5-year life. The discount rate deemed applicable at 30 June 2019 amounted to 10.65%. The Board have assessed that there is no indication the goodwill is impaired.

In addition, the goodwill on the acquisition of Entrust totalling \$5,639,200 has been allocated to the performance of this Company as a whole. The assumptions used for determining the recoverable amount are based on past experience and expectations for the future. Projected cash flows for each cash-generated unit are discounted using an appropriate discount rate and a value in use is determined over a 5-year life. The discount rate deemed applicable at 30 June 2019 amounted to 10.65%. The Board have assessed that there is no indication the goodwill is impaired.

(v) Intangible assets

Upon acquisition of Entrust, Euroz acquired \$1,736,240 in other intangible assets consisting 3 separate client portfolios. These assets were tested for impairment. The assumptions used for determining the recoverable amount was based on past experience and expectations for the future. Projected cash flows for each cash-generated unit were discounted using an appropriate discount rate and a value in use was determined over a 5-year life. The discount rate deemed applicable at 30 June 2019 amounted to 10.65%. The Board have assessed that there is no indication these assets are impaired.

3. SEGMENT INFORMATION

Identification of reportable segments

The consolidated group has identified its operating segments based on the internal reports that are reviewed and used by the executive team (the chief operating decision makers) in assessing performance and in allocating resources.

Types of products and services

Stockbroking & Corporate Finance

Stockbroking business offering trading of Australian securities, post trade reporting, corporate finance and advisory services and the provision of company research.

Principal Trading

Principal trading relates to the purchase and sale of securities by the consolidated group.

Funds Management

The consolidated group provides funds management services.

Investments

The consolidated group invests in listed and unlisted securities from which it derives dividends.

Wealth Management

The consolidated group provides wealth management services including the portfolio administration of funds under management.

Basis of accounting for purpose of reporting by operating segments

The accounting policies used by the consolidated group in reporting segments internally are consistent with those adopted in the financial statements of the consolidated group, unless otherwise stated.

Segment assets and liabilities

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset.

Liabilities are allocated to segments where there is a direct nexus between the liability and the operations of the segment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

3: SEGMENT INFORMATION (CONT'D)

Segment performance

	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Investment Income	Wealth Management	Total
	\$	\$	\$	\$	\$	\$
2019						
Sales and other fees	29,000,464	16,092,302	3,982,476	-	8,776,753	57,851,995
Interest revenue	404,885	5,873	55,929	86,694	20,938	574,319
Other revenues	159,169	49,860	-	2,885,775	3,985	3,098,789
Total segment revenue	29,564,518	16,148,035	4,038,405	2,972,469	8,801,676	61,525,103
Segment net operating profit / (loss) after tax	4,074,625	1,940,445	(2,763,869)	(7,510,414)	2,249,613	(2,009,600)
Depreciation and amortisation	303,069	-	73,535	-	9,104	385,708
Gain/(Loss) on fair value of investments	-	(3,899,611)	-	(10,076,874)	-	(13,976,485)
Segment assets	29,470,073	7,430,215	5,485,763	84,690,279	5,275,809	132,352,139
Fair value of investments	-	7,430,215	-	71,153,242	-	78,583,457
Segment liabilities	3,406,613	83,359	851,012	9,311,428	904,311	14,556,723
2018						
Sales and other fees	40,926,996	10,105,513	13,585,324	-	8,860,642	73,478,475
Interest revenue	340,241	9,567	41,469	47,351	19,409	458,037
Other revenues	270,048	34,050	-	4,130,532	64,638	4,499,268
Total segment revenue	41,537,285	10,149,130	13,626,793	4,177,883	8,944,689	78,435,780
Segment net operating profit / (loss) after tax	10,153,858	803,614	3,735,118	12,525,095	2,115,640	29,333,325
Depreciation and amortisation	231,376	-	70,700	-	7,336	309,412
Gain/(Loss) on fair value of investments	-	1,909,697	-	11,742,467	-	13,652,164
Segment assets	33,530,935	13,148,694	9,267,321	100,812,830	4,219,445	160,979,225
Fair value of investments	-	12,855,088	-	82,106,650	-	94,961,738
Capital expenditure	360,458	-	10,224	-	24,726	395,408
Segment liabilities	5,609,795	167,525	2,023,810	21,621,337	1,081,733	30,504,200

Entity-wide disclosures

The consolidated group predominately operates with in the geographical region of Australia. Therefore, the total revenue and non-current assets are reflected on the face of the financial statements.

During the year ended 30 June 2019, approximately 8.53% (2018: 19.1%) of the consolidated group's external revenue was derived from management fees, performance fees and dividends from Ozgrowth Limited and Westoz Investment Company Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

4. REVENUE

	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Investment	Wealth Management	Total
	\$	\$	\$	\$	\$	\$
30 June 2019						
Brokerage	13,345,982	-	-	-	829,640	14,175,622
Underwriting and placement fees	11,259,626	-	-	-	534,199	11,793,825
Performance and management fees	1,889,943	-	3,982,476	-	-	5,872,419
Wealth management fees	-	-	-	-	7,412,914	7,412,914
Proceeds on sale of principal trading shares	-	16,092,302	-	-	-	16,092,302
Corporate retainers	2,504,914	-	-	-	-	2,504,914
Other income						
Interest received	404,884	5,873	55,929	86,694	20,939	574,319
Other revenue	158,419	1,129	-	-	3,984	163,532
Dividends and trust distributions received	750	48,731	-	2,885,775	-	2,935,256
	29,564,518	16,148,035	4,038,405	2,972,469	8,810,676	61,525,103
	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Investment	Wealth Management	Total
	\$	\$	\$	\$	\$	\$
30 June 2018						
Brokerage	14,721,450	-	-	-	1,024,150	15,745,600
Underwriting and placement fees	10,158,728	-	-	-	532,193	10,690,921
Performance and management fees	6,699,192	-	13,585,324	-	4,876	20,289,392
Wealth management fees	-	-	-	-	7,299,423	7,299,423
Proceeds on sale of principal trading shares	-	10,105,513	-	-	-	10,105,513
Corporate retainers	9,347,626	-	-	-	-	9,347,626
Other income						
Interest received	340,241	9,567	41,469	47,351	19,409	458,037
Other revenue	270,048	1,414	-	-	64,638	336,100
Dividends and trust distributions received	-	32,636	-	4,130,532	-	4,163,168
	41,537,285	10,149,130	13,626,793	4,177,883	8,944,689	78,435,780

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

5. (LOSS) / PROFIT BEFORE INCOME TAX EXPENSE

	2019 \$	2018 \$
(Loss) / profit before income tax is determined after accounting for the following specific expenses:		
Rental expenses relating to operating lease	1,813,452	1,932,963
Superannuation expense	1,180,700	1,127,798
Share based payments – PRP	1,682,575	1,419,710

The Blackswan Equities Limited Group of companies were deregistered in the prior period resulting in a loss on deconsolidation to the Consolidated Statement of Profit or Loss and Other Comprehensive Income totalling \$29,572.

6. INCOME TAX

The components of tax expense comprise:

Current tax	3,663,983	18,250,461
Other (i)	(605,427)	-
Deferred tax	(3,877,482)	(4,673,346)
	(818,926)	13,577,115

Numerical reconciliation between tax expense and pre-tax accounting (loss) / profit

Income tax using company's tax rate of 30% (2018: 30%)	(848,558)	12,873,132
Add tax effect of:		
• deferred tax not recognised on temporary differences	344,557	-
• other non-allowable items	1,187,664	3,581,900
	683,663	16,455,032
Less tax effect of:		
• franked dividends received	1,502,589	2,877,917
Income tax expense/(benefit) attributable to entity	(818,926)	13,577,115
The applicable weighted average effective tax rates are as follows:	28.95%	31.64%

- (i) During the 2019 year, the Company has amended prior year tax returns for the years 2015 – 2018 in relation to the deductions claimed for its contributions to the Employee Share Trust (EST). Previously, the Company had claimed these deductions as the shares vested to the employees. The Company has changed this basis of deduction, to claiming it at the time of providing the funding to EST by Euroz Limited. Accordingly, this has resulted in an additional taxation refund over these years and the recognition of a deferred tax liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

6. INCOME TAX (CONT'D)

	2019 \$	2018 \$
Reconciliations		
i. Gross movements		
The overall movement in the deferred tax account is as follows:		
Balance at 1 July	1,770,057	6,443,403
Recognised in statement of profit or loss	3,877,482	(4,891,040)
Charge to equity	-	217,694
Balance at 30 June	5,647,539	1,770,057
ii. Deferred tax liability		
Movement in temporary differences during the year		
Fair value gain adjustments		
Balance at 1 July	2,073,457	431,422
Recognised in the statement of profit or loss	(1,627,149)	1,642,035
Balance at 30 June	446,308	2,073,457
Other		
Balance at 1 July	584,144	683,265
Recognised in the statement of profit or loss	282,616	(99,121)
Balance at 30 June	866,760	584,144
	1,313,068	2,657,601
iii. Deferred tax assets		
Movement in temporary difference during the year		
Fair value gain adjustments		
Balance at 1 July	243,156	3,027,368
Recognised in the statement of profit or loss	2,907,068	(2,784,212)
Balance at 30 June	3,150,224	243,156
Provisions		
Balance at 1 July	1,123,263	927,467
Recognised in the statement of profit or loss	1,494,301	195,796
Balance at 30 June	2,617,564	1,123,263
Other		
Balance at 1 July	3,061,239	3,603,255
Charge to equity	-	217,694
Recognised in the statement of profit or loss	(1,868,420)	(759,710)
Balance at 30 June	1,192,819	3,061,239
	6,960,607	4,427,658

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

6. INCOME TAX (CONT'D)

Tax consolidation legislation

Euroz Limited and its wholly-owned Australian subsidiaries implemented the tax consolidation legislation as of 1 July 2003. The accounting policy on implementation of the legislation is set out in Note 1(b). The impact on the income tax expense for the year is disclosed in the tax reconciliation above.

The entities have also entered into a tax sharing and funding agreement. Under the terms of this agreement, the wholly-owned entities reimburse Euroz Limited for any current income tax payable by Euroz Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a current tax-related receivable by Euroz Limited. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly owned entities in the case of a default by Euroz Limited.

7. CASH AND CASH EQUIVALENTS

	2019 \$	2018 \$
Cash at bank and on hand	27,383,046	39,390,169

8. TRADE AND OTHER RECEIVABLES

Trade receivables	1,934,887	2,181,061
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All trade receivables relating to brokerage and principal trading have been transferred to Pershing Securities (Australia) Pty Ltd (clearing participant on behalf of Euroz Securities Limited) who provides a trust account facility as part of the clearing and settlement service.

9. INVENTORIES

Securities in unlisted companies (at cost) (i)	785,965	588,040
Trading securities in listed companies (at cost) (i)	8,363,410	10,086,594
Fair value adjustments (ii)	(1,719,160)	2,180,453
Total	7,430,215	12,855,087

(i) These securities are held at fair value through profit or loss.

(ii) The fair value adjustment is based on the closing price of each investment at year end.

10. OTHER CURRENT ASSETS

Prepayments	1,004,599	959,262
Accrued income	374,466	3,143,973
Total	1,379,065	4,103,235

11. LONG TERM RECEIVABLE

Security deposit	5,000,000	5,000,000
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Deposit held by Pershing Securities (Australia) Pty Ltd (clearing participant on behalf of Euroz Securities Limited).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

12. INVESTMENTS

Cost of investment in managed investment schemes	11,856,063	12,732,598
Fair value adjustments (i)	1,280,915	1,787,357
Total	13,136,978	14,519,955

(i) The fair value adjustment is based on the closing unit value of the scheme.

13. INVESTMENT ENTITIES AT FAIR VALUE

	2019	2018
	\$	\$
Listed ordinary shares in investment entities at fair value through profit or loss	58,016,264	67,586,696
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current financial year are set out below:		
Opening fair value	67,586,696	56,915,440
Additions	-	100,254
Revaluation increments	(9,570,432)	10,571,002
Closing fair value	58,016,264	67,586,696

Investment entities encompass listed entities – Westoz Investment Company Limited and Ozgrowth Limited. While the consolidated group is deemed to control these entities, exemption from consolidation is obtained as the Company meets the definition of investment entity under AASB 2013-5 – Investment Entities. Accordingly, these investments are fair valued.

14. PLANT AND EQUIPMENT

Leasehold improvements		
At cost	679,101	540,616
Less: Accumulated amortisation	(430,938)	(273,812)
	248,163	266,804
Software		
At cost	276,548	177,958
Less: Accumulated depreciation	(136,324)	(60,313)
	140,224	117,645
Office equipment		
At cost	586,881	467,788
Less: Accumulated depreciation	(344,747)	(194,438)
	242,134	273,350
Furniture, fixtures and fittings		
At cost	107,433	99,321
Less: Accumulated depreciation	(22,802)	(20,541)
	84,631	78,780
	715,152	736,579

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

14. PLANT AND EQUIPMENT (CONT'D)

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial years are set out below:

	Leasehold improvements \$	Plant and equipment \$	Total \$
2019			
Carrying amount at 1 July 2018	266,804	469,775	736,579
Additions	138,486	225,795	364,281
Depreciation / amortisation expense	(157,127)	(228,581)	(385,708)
Carrying amount at 30 June 2019	248,163	466,990	715,152
2018			
Carrying amount at 1 July 2017	398,646	251,937	650,583
Additions	3,312	392,096	395,408
Depreciation / amortisation expense	(135,154)	(174,258)	(309,412)
Carrying amount at 30 June 2018	266,804	469,775	736,579

15. DEFERRED TAX ASSETS

	2019 \$	2018 \$
Deferred tax asset (Note 6)	6,960,607	4,427,658

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits can be generated.

16. INTANGIBLE ASSETS

Goodwill (refer (a) below)	8,442,545	8,442,545
Other intangible assets (refer (b) below)	1,736,240	1,736,240
	10,178,785	10,178,785
(a) Goodwill		
Opening balance	8,442,545	8,472,312
Deconsolidation of Blackswan	-	(29,767)
Balance	8,442,545	8,442,545
Split of goodwill:		
Goodwill on acquisition of Blackswan	2,803,345	2,803,345
Goodwill on acquisition of Entrust	5,639,200	5,639,200
	8,442,545	8,442,545

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

16. INTANGIBLE ASSETS (CONT'D)

Both goodwill balances are deemed to have an indefinite useful life and accordingly an impairment test was performed at reporting date. Based on this assessment at 30 June 2019, no impairment was considered necessary. Note 2 (iv) contains additional information on this assessment.

While the Blackswan group of companies were deregistered in the prior period, the Blackswan operating unit was integrated into Euroz Securities Limited upon the initial acquisition and therefore, this deregistration had an insignificant impact on the goodwill balance.

	2019	2018
	\$	\$
(b) Other intangible assets	1,736,240	1,736,240
Split of other intangible assets:		
Client portfolio A	500,000	500,000
Client portfolio B	80,000	80,000
Client portfolio C	1,156,240	1,156,240
	1,736,240	1,736,240

The carrying value of all 3 assets was assessed at reporting date for impairment and no impairment was considered necessary. Note 2 (v) contains further information on this impairment assessment.

17. TRADE AND OTHER PAYABLES

Other payables and accruals	1,772,881	4,637,251
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All trade creditors relating to brokerage and principal trading have been transferred to Pershing Securities (Australia) Pty Ltd who provides a trust account facility as part of the clearing and settlement service.

18. CURRENT TAX ASSETS / LIABILITIES

Tax receivable	217,140	-
Provision for taxation	-	5,075,257

19. SHORT TERM PROVISIONS

Dividends	8,049,469	14,891,518
Employee benefits (annual leave)	1,476,971	1,370,079
Employee benefits (long service leave)	1,919,654	1,867,515
Total	11,446,094	18,129,112

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

19. SHORT TERM PROVISIONS (CONT'D)

Dividends

This provision represents the dividend declared by the Board before the reporting date and to be paid out to shareholders subsequent to year end.

Movements in each class of provisions, other than employee benefits, are set out below:

	2019 \$	2018 \$
Carrying amount at 1 July	14,891,518	8,854,416
Additional provisions recognised	10,866,783	17,708,834
Amounts paid out	(17,708,832)	(11,671,732)
Carrying amount at 30 June	8,049,469	14,891,518

20. DEFERRED TAX LIABILITIES

Deferred tax liability (Note 6)	1,313,068	2,657,601
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21. LONG TERM PROVISIONS

Employee benefits (long service leave)	24,680	4,979
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22. CONTRIBUTED EQUITY

(a) Share capital

	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares				
Issued and paid up capital – consisting of ordinary shares (net of treasury shares)	155,012,651	155,879,961	101,333,244	102,343,793

(b) Movements in ordinary share capital

	2019 Shares	2018 Shares
At the beginning of the reporting period	155,879,961	156,654,382
Acquisition of Treasury shares	(1,265,500)	(1,659,000)
Vested shares under Performance Rights Plan	398,190	884,579
At the end of the year	155,012,651	155,879,961

(c) Movements in ordinary share capital

	2019 \$	2018 \$
At the beginning of the reporting period	102,343,793	103,246,026
Acquisition of Treasury shares	(1,494,734)	(1,908,356)
Vested shares under Performance Rights Plan	494,685	1,006,123
Share issue cost	(10,500)	-
At the end of the year	101,333,244	102,343,793

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

22. CONTRIBUTED EQUITY (CONT'D)

(d) Treasury shares

	2019 Shares	2018 Shares	2019 \$	2018 \$
Balance of treasury shares at the end of the reporting period	(5,976,731)	(5,109,421)	6,328,138	5,251,166

Treasury shares were acquired by the Employee Share Trust at various times during the year. The acquisition of Treasury shares forms part of the Performance Right Plan.

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares have no par value.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(f) Options

There were no options on issue at 30 June 2019 (30 June 2018: Nil).

(g) Share based payments reserve

The reserve records items recognised as expenses on valuation of share based payments. The movement in the current period totalling \$1,694,192 (2018: \$1,435,476) relates to the vesting expense related to the fair value of performance rights issued in the prior year and the current year in connection with the Performance Rights Plan.

	2019 \$	2018 \$
Balance on share based payment reserve at 1 July	2,646,774	2,217,421
Recognised during the year	1,694,192	1,435,476
Vested shares under Performance Rights Plan	(494,685)	(1,006,123)
Balance on share based payments reserve at 30 June	3,846,281	2,646,774

(h) Capital management

The Directors primary objective is to maintain a capital structure that ensures the lowest cost of capital available to the group. At reporting date, the group has no external borrowings and significant cash reserves. As the holder of various Australian Financial Services Licences and as a market participant of the Australian Securities Exchange the group is exposed to externally imposed capital requirements, which have been complied with at year end and throughout the year.

23. DIVIDENDS

Ordinary shares

Interim dividend for the half year ended 31 December of 1.75 cents (2018 – 1.75 cents) per fully paid ordinary share paid on 30 January 2019. Fully franked based on tax paid @ 30%

Final dividend declared and provided for at 30 June 2019 of 5 cents (2018 – 9.25 cents) per fully paid ordinary share paid on 7 August 2019. Fully franked based on tax paid @ 30%

Total dividends provided for or paid

2,817,314	2,817,314
8,049,469	14,891,518
10,866,783	17,708,832

Of the total dividends paid during the year, \$7,816 (2018: \$22,110) was paid to the Euroz Share Trust and is undistributed. Therefore, it has been eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

23. DIVIDENDS (CONT'D)

Franked dividends

The franked portions of the dividends recommended after 30 June 2019 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2019.

	2019 \$	2018 \$
Franking credits available for subsequent financial years based on a tax rate of 30% (2018: 30%)	16,473,643	17,922,906

These dividends are fully-franked and therefore, there are no income tax consequences for the owners of Euroz Limited.

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of the current tax liability
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
- (d) franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of controlled entities were paid as dividends.

24. FINANCIAL INSTRUMENTS

(a) Financial risk management

The group's financial instruments consist of deposits with banks, trade receivables and payables, short term investments and long term investments. Derivative financial instruments are not used by the group. Senior executives meet regularly to analyse and monitor the financial risk associated with the financial instruments used by the group.

(b) Financial risk exposure and management

(i) Interest rate risk

The group has no borrowings and therefore is not exposed to interest rate risk associated with debt. The group has significant cash reserves and the interest income earned from these cash reserves will be affected by movements in the interest rate. A sensitivity analysis has been provided in the note to illustrate the effect of interest rate movements on interest income earned.

(ii) Liquidity risk

The group manages liquidity risk using forward cash flow projections, maintaining cash reserves and having no borrowings or debt.

Trade and other payables are expected to be paid as follows:

	2019 \$	2018 \$
Less than 1 month	1,772,881	4,637,251

(iii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or security, at reporting date is the carrying amount of the financial assets disclosed in the statement of financial position. There is no collateral or security held for those assets at 30 June 2019.

Credit risk arises from exposure to customers and deposits with banks. Senior management monitors its exposure to customers on a regular basis to ensure recovery and repayment of outstanding amounts. Cash deposits are only made with Australian based banks. All trade debtors relating to brokerage and principal trading have been transferred to Pershing Securities (Australia) Pty Ltd who provides a trust account facility as part of the clearing and settlement service. Trade receivables are usually paid within 30 days.

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

24. FINANCIAL INSTRUMENTS (CONT'D)

The consolidated entity's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2019 \$	2018 \$
Cash and cash equivalents	27,383,046	39,390,169
Receivables	1,934,887	2,181,061
Long term deposit	5,000,000	5,000,000
	29,317,933	46,571,230

Impairment losses

None of the consolidated group's receivables are past due date (2018: Nil).

(iv) Financial instruments composition and maturity analysis

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing	
	2019 %	2018 %	2019 \$	2018 \$	2019 \$	2018 \$
FINANCIAL ASSETS						
Cash and cash equivalents	1.39	1.46	27,383,046	39,390,169	-	-
Trade and other receivables			-	-	1,934,887	2,181,061
Financial assets held for trading			-	-	7,430,215	12,855,087
Financial assets at fair value through profit and loss			-	-	58,016,264	67,586,696
Other investments			-	-	13,136,978	14,519,955
Long term deposit	0.75	0.75	5,000,000	5,000,000	-	-
Total financial assets			32,383,046	44,390,169	80,518,344	97,142,799
FINANCIAL LIABILITIES						
Trade and other payables			-	-	1,772,881	4,637,251

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

24. FINANCIAL INSTRUMENTS (CONT'D)

The following table details the consolidated group's fair value of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2019				
Assets				
Investments	77,611,380	972,077	-	78,583,457
Total Assets	77,611,380	972,077	-	78,583,457
2018				
Assets				
Investments	94,219,411	742,327	-	94,961,738
Total Assets	94,219,411	742,327	-	94,961,738

(v) Sensitivity analysis

Assuming all variables remain constant and the interest rate fluctuated by 1% at year end the effect on the consolidated group's equity and profit as follows:

	2019 \$	2018 \$
Increase by 1%	226,681	310,731
Decrease by 1%	(226,681)	(310,731)

Assuming all variables remain constant and the equity market fluctuated by 5% at year end the effect on the group's equity and profit is as follows:

	2019	2018
Increase by 5%	2,750,421	3,323,661
Decrease by 5%	(2,750,421)	(3,323,661)

25. REMUNERATION OF AUDITORS

Audit services

Audit and review of financial reports for the Group

Fees paid to PKF Perth firm	173,000	168,000
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Other services

Tax compliance services	32,105	39,800
Other services	8,580	17,620
	40,685	57,420

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

26. CONTINGENT LIABILITIES

The parent entity and consolidated group had contingent liabilities at 30 June as follows:

	2019 \$	2018 \$
Secured guarantees in respect of: Operating lease of a controlled group entity	1,013,514	807,699

As detailed in note 11 the consolidated group has a deposit with Pershing Securities (Australia) Pty Ltd as part of Euroz Securities Limited third-party clearing arrangements. This deposit totalled \$5,000,000 at reporting date (2018: \$5,000,000).

The Group has no contingent assets at reporting date (2018: Nil).

27. COMMITMENTS FOR EXPENDITURE

Operating leases

Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:

Within one year	1,196,175	1,409,270
Later than one year but not later than five years	4,934,920	1,901,319
Later than five years	-	-
Commitments not recognised in the financial statements	6,131,095	3,310,589

The lease on the premises at Level 18 Alluvion, 58 Mounts Bay Road is for the period of 15 years commencing 2 July 2010 and expiring on 1 July 2025.

The licence on the premises at Level 9, 20 Bond Street, Sydney NSW is for the period of 5 years commencing 15 December 2018 and expiring on 14 December 2023.

The licence on the premises at Level 15, 385 Bourke Street, Melbourne is for the period of 8 years commencing 1 June 2015 and expiring on 31 May 2022.

28. EMPLOYEE BENEFITS

Employee benefit and related on-costs liabilities

Provision for employee benefits	3,421,304	3,242,574
Aggregate employee benefit and related on costs liabilities	3,421,304	3,242,574

29. RELATED PARTIES

(a) Key Management Personnel compensation

Short-term employee benefits	3,869,613	4,882,092
Post-employment benefits	196,282	174,332
Share based payments	757,188	679,064
Total compensation	4,823,086	5,735,488

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

29. RELATED PARTIES (CONT'D)

(b) Individual Key Management Personnel (KMP) compensation disclosure

Information regarding individual KMP compensation and some equity instruments disclosures as required by Corporations Regulation is provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this note, no KMP has entered into a material contract with the group since the end of the previous financial year and there were no material contracts involving KMP interest existing at year end.

(c) Parent entity

The ultimate parent entity within the group is Euroz Limited.

(d) Share-based payments

During the year a performance right was issued to 86 employees (2018: 92 employees). This performance right entitles the holder to a number of shares in Euroz Limited calculated as 25% of their bonus entitlement for the year. At point of issue, these performance rights are subject to a 4-year vesting period. The fair value of each performance right is calculated as 25% of the individual's bonus entitlement.

(e) Wholly-owned group transactions

Wholly owned group

The wholly owned group consists of Euroz Limited and its wholly owned controlled entities. See Note 30.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2019 \$	2018 \$
Transactions with related parties consisting of:		
(i) Subsidiaries		
• Loans advanced by Euroz Limited to subsidiaries	17,714,442	14,198,563
• Payments of dividends to Euroz Limited by subsidiaries	8,850,000	19,550,000
• Management fees charged by Euroz Securities Limited to subsidiaries	1,599,705	1,466,685
• Management fees charged by Prodigy Investment Partners Limited to subsidiaries	1,514,379	975,283
(ii) Other		
• Dividends received by Euroz Limited from investment entities	2,836,800	2,833,800
• Management fee received by the Euroz Group from investment entities	3,898,806	2,390,837
• Performance fee received by the Euroz Group from investment entities	83,668	9,725,000

Ownership interests in related parties

Interests held in controlled entities are set out in note 30.

Other transactions with Directors and specified Executives

During the year ended 30 June 2019 the Directors and KMP transacted share business through Euroz Securities Limited on normal terms and conditions.

Aggregate amounts of the above transactions with Directors and KMP of the consolidated group:

Amounts recognised as revenue

Brokerage earned on Key Management Personnel accounts	29,504	42,562
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

30. INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity holding		Cost of parent entity's investment	
			2019 %	2018 %	2019 \$	2018 \$
Euroz Securities Limited	Australia	Ordinary	100	100	25,000,000	25,000,000
Detail Nominees Pty Ltd	Australia	Ordinary	100	100	-	-
Zero Nominees Pty Ltd (i)	Australia	Ordinary	100	100	-	-
Westoz Funds Management Pty Ltd	Australia	Ordinary	100	100	1,450,000	1,450,000
Euroz Employee Share Trust	Australia	Ordinary	-	-	-	-
Ozgrowth Limited*	Australia	Ordinary	40.58	40.58	-	-
Westoz Investment Company Limited*	Australia	Ordinary	27.30	27.30	-	-
Prodigy Investment Partners Limited	Australia	Ordinary	80	80	1,900,000	1,900,000
Blackswan Equities Limited (i)	Australia	Ordinary	-	-	-	-
Flinders Investment Partners Pty Ltd (ii)	Australia	Ordinary	50	50	2	2
Dalton Street Capital Pty Ltd (ii)	Australia	Ordinary	50	50	2	2
Equus Point Capital Pty Ltd	Australia	Ordinary	50	-	2	-
Blackswan Corporate Pty Ltd (i)	Australia	Ordinary	-	-	-	-
Blackswan Wealth Management Pty Ltd (i)	Australia	Ordinary	-	-	-	-
WIM WA Resources Limited	Australia	Ordinary	100	100	1	1
WIM Small Cap Limited	Australia	Ordinary	100	100	1	1
Entrust Wealth Management Pty Ltd	Australia	Ordinary	100	100	7,800,000	7,800,000
Prodigy Flinders Pty Ltd (ii)	Australia	Ordinary	100	100	2	2
Prodigy Corporate Pty Ltd (ii)	Australia	Ordinary	100	100	2	2
Prodigy DSC Pty Ltd (ii)	Australia	Ordinary	100	100	1	1
Prodigy EPC Pty Ltd (ii)	Australia	Ordinary	100	-	1	-

*Although Ozgrowth Limited and Westoz Investment Company Limited are controlled entities, exemption from consolidation was derived from the adoption of AASB 2013-5 Investment Entities.

The ultimate parent entity in the wholly owned group is Euroz Limited.

- (i) Owned by Euroz Securities Limited
- (ii) Owned by Prodigy Investment Partners Limited

A brief description of each entity (unless inactive and dormant) is as follows: -

- (a) Euroz Limited – Group Holding Company listed on the Australian Securities Exchange. Euroz Limited manages cash and investments including significant positions in Ozgrowth Limited and Westoz Investment Company Limited.
- (b) Euroz Securities Limited – Financial Services Company providing stockbroking services with a focus on Western Australian companies.
- (c) Westoz Funds Management Pty Ltd – Manages the mandates for two listed investment companies, Ozgrowth Limited and Westoz Investment Company Limited with a focus on investing in opportunities with a Western Australian connection.
- (d) Zero Nominees – Custodian Company holding shares on behalf of clients of Euroz Securities Limited.
- (e) Detail Nominees – Dormant Company that was previously used to for settlement obligation in relation to shares for the Group.
- (f) Euroz Employee Share Trust – Vehicle established to acquire treasury shares on-market for distribution to eligible employees in connection with the Performance Rights Plan.
- (g) Blackswan Equities Limited – The activities of the Blackswan group of entities were transferred over to Euroz Securities Limited. This entity was deregistered in the current year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

30. INVESTMENTS IN CONTROLLED ENTITIES (CONT'D)

A brief description of each entity (unless inactive and dormant) is as follows: - (cont'd)

- (h) Blackswan Corporate Pty Ltd – The activities of the Blackswan group of entities were transferred over to Euroz Securities Limited. This entity was deregistered in the current year.
- (i) Blackswan Wealth Management Pty Ltd – The activities of the Blackswan group of entities were transferred over to Euroz Securities Limited. This entity was deregistered in the current year.
- (j) Entrust Wealth Management Pty Ltd – Wealth management business providing advice in relation to wealth management and strategic financial planning support for the entire Euroz Group.
- (k) Prodigy Investment Partners Limited – 80/20 joint venture with Mr Steve Tucker to create a multi boutique funds management business. Prodigy had partnerships with three separate boutique funds, Flinders, Dalton and Equus.
- (l) Flinders Investment Partners Pty Ltd – Boutique fund manager launched in August 2015 specialising in investing in emerging companies. Prodigy Investment Partners Limited, the controlling parent entered into a profit share arrangement with a trust resulting in a minority interest.
- (m) Dalton Street Capital Pty Ltd – Boutique fund manager launched in May 2016 specialising in alternative investment strategies. Prodigy Investment Partners Limited, the controlling parent entered into a profit share arrangement with a trust resulting in a minority interest.
- (n) Equus Point Capital Pty Ltd – Boutique fund manager launched in August 2018 specialising in a systematic market neutral strategy. Prodigy Investment Partners Limited, the controlling parent entered into a profit share arrangement with a trust resulting in a minority interest.

31. EVENTS SUBSEQUENT TO REPORTING DATE

On 12 July 2019, Entrust Private Wealth Management Pty Ltd changed its name to Entrust Wealth Management Pty Ltd.

Other than the above, the Directors are not aware of any matter or circumstance subsequent to 30 June 2019 that has significantly affected, or may significantly affect:

- (a) the consolidated group's operations in future financial years: or
- (b) the results of those operations in future financial years: or
- (c) the consolidated group's state of affairs in future financial years.

32. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2019 \$	2018 \$
(Loss) / Profit for the year	(2,009,600)	29,333,325
Adjustments for:		
Depreciation and amortisation	385,708	309,412
Share based payments	1,694,192	1,435,476
Unrealised loss / (gain) arising from investing activity investments	10,076,872	(11,742,484)
Loss on deconsolidation	-	29,572
Distributions received from investing activity investments	(2,934,506)	(3,030,590)
Distribution income reinvested	-	(1,132,302)
Changes in assets and liabilities		
Decrease / (increase) in trade and other receivables	246,174	(325,482)
Decrease / (increase) in other current assets	2,724,170	(2,884,940)
Decrease / (increase) in inventories	5,424,872	(7,805,967)
Decrease / (increase) in deferred tax assets	(2,532,949)	3,130,432
Increase / (decrease) in trade and other payables	(2,864,370)	1,290,961
Increase / (decrease) in current tax liabilities	(5,292,397)	1,823,985
Increase / (decrease) in deferred tax liabilities	(1,344,533)	1,542,914
Increase / (decrease) in provisions (excluding dividends)	178,732	286,689
Net cash from / (used in) operating activities	3,752,365	12,261,001

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

33. (LOSS) / EARNINGS PER SHARE

	2019 Cents	2018 Cents
Basic (loss) / earnings per share	(0.07)	19.91
Diluted (loss) / earnings per share	(0.07)	19.42
	2019 Number	2018 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic loss / earnings per share.	155,865,028	156,988,680
Weighted average number of ordinary shares and potential ordinary shares (including treasury shares) used as the denominator in calculating diluted loss / earnings per share.	160,989,382	160,989,382

The (loss) / profit after tax figures used to calculate the loss / earnings per share for both the basic and diluted calculations was the same as the profit figure from Consolidated Statement of Profit and Loss.

34. PARENT ENTITY DISCLOSURES

	2019 \$	2018 \$
<i>Financial position</i>		
Assets		
Current assets	24,771,887	34,794,547
Non-current assets	110,928,938	120,376,753
Total assets	135,700,825	155,171,300
Liabilities		
Current liabilities	8,049,827	19,961,112
Non-current liabilities	1,261,600	1,658,457
Total liabilities	9,311,427	21,619,569
Equity		
Issued capital	101,387,434	102,379,250
Retained earnings	21,213,709	28,572,116
Reserves		
Share Based Payment Reserve	3,788,255	2,600,365
Total equity	126,389,398	133,551,731
<i>Financial performance</i>		
Profit for the year	3,508,376	32,012,030
Total comprehensive income	3,508,376	32,012,030

35. COMPANY DETAILS

The registered office and principal place of business address of the Company is:

Euroz Limited
Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

The Directors declare that:

1. The financial statements, notes and additional disclosures included in the Directors' Report and designated as audited, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and Corporations Regulations 2001;
 - (b) give a true and fair view of the Company's and consolidated group's financial position as at 30 June 2019 and of their performance for the year ended on that date;
 - (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.
2. The Chief Executive Officer and Chief Financial Officer have declared in accordance with section 295A of the Corporations Act 2001 that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Andrew McKenzie
Executive Chairman



Robert Black
Executive Director

Date: 20 August 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROZ LIMITED

FOR THE YEAR ENDED 30 JUNE 2019

PKF Perth



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROZ LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Euroz Limited (the company), 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Euroz Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the consolidated entity in accordance with 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.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. This matter was 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 this matter. Our description of how our audit addressed the matter is provided in that context.

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROZ LIMITED (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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Carrying value and impairment of intangible assets

Why significant

At reporting date, the consolidated entity has capitalised intangible assets including goodwill totalling \$10,178,785 as disclosed in Note 16.

The consolidated entity's accounting policy in respect of intangibles is outlined in Notes 1 (w) and (x), and as disclosed have an indefinite useful life.

The carrying amount of intangible assets is a key audit matter due to the level of judgement applied in evaluating management's assessment of impairment.

As outlined in Notes 2 (iv), 2 (v) and 16, management assessed the carrying amount of intangible assets through impairment testing utilising a value in use model in which significant judgements are applied in determining key assumptions. These assumptions include the assessment of future earnings before interest and tax growth expected to be achieved, as well as the discount factor. The judgements made in determining the underlying assumptions in the model have a significant impact on the carrying amount of intangible assets, and accordingly the amount of any impairment charge, to be recorded in the current financial year.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

How our audit addressed the key audit matter

In assessing this key audit matter, our audit procedures included, amongst others:-

- evaluating management's methodology for determining the carrying amount of intangible assets by comparing the value in use model with generally accepted valuation methodology and accounting standard requirements;
- challenging the key assumptions used in management's value in use model by:
 - assessing the reasonableness of the anticipated future inflows from each cash generating unit;
 - evaluating the adequacy of the discount rate set by management
- conducting sensitivity analysis on key assumptions
- assessing the appropriateness of the related disclosures in Notes 2 (iv), 2 (v) and 16.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF EUROZ LIMITED (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

PKF Perth



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Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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 consolidated entity'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 consolidated entity to cease to continue as a going concern.

We 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.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF EUROZ LIMITED (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

PKF Perth



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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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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 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

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

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

Responsibilities

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

A handwritten signature in blue ink that reads 'PKF Perth'.

PKF PERTH

A handwritten signature in blue ink that reads 'Shane Cross'.

SHANE CROSS
PARTNER

20 AUGUST 2019
WEST PERTH
WESTERN AUSTRALIA

ASX ADDITIONAL INFORMATION

AS AT 20 AUGUST 2019

SHAREHOLDER INFORMATION

A) DISTRIBUTION OF SHAREHOLDERS

Analysis of number of shareholders by size of holding.

Range	Holders	Units
1 - 1,000	315	120,725
1,001 - 5,000	431	1,278,918
5,001 - 10,000	258	2,081,779
10,001 - 100,000	611	19,926,771
100,001 Over	180	138,788,917
Total	1,795	162,197,110

Number of holders holding less than a marketable parcel : 203 at \$1.06 per unit

B) TOP HOLDERS

The twenty largest holders of ordinary fully paid shares are listed below.

Rank	Name	Ordinary Shares	
		Units	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,961,932	7.99
2	MR JAY EVAN DALE HUGHES <INKESE FAMILY A/C>	7,600,000	4.69
3	CPU SHARE PLANS PTY LTD <EZL BDS CONTROL A/C>	6,228,485	3.84
4	MRS CATHERINE PATRICIA MCKENZIE	5,950,000	3.67
5	MR ANDREW MCKENZIE + MRS CATHERINE MCKENZIE <A W MCKENZIE SUPER FUND A/C>	4,452,392	2.75
6	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,009,088	2.47
7	ICE COLD INVESTMENTS PTY LTD	4,000,000	2.47
8	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	3,787,082	2.33
9	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	3,502,500	2.16
10	MR JAY HUGHES + MRS LINDA HUGHES <INKESE SUPER A/C>	3,010,031	1.86
11	MR ROBERT HIRZEL BLACK	2,865,000	1.77
12	CITICORP NOMINEES PTY LIMITED	2,833,716	1.75
13	MR SIMON DAVID YEO + MRS JENNIFER DALE YEO <CAPE SUPERANNUATION FUND A/C>	2,250,000	1.39
14	MR SIMON DAVID YEO + MRS JENNIFER DALE YEO <THE CAPE INVESTMENT A/C>	2,150,000	1.33
15	MRS MELANIE JANE CHESSELL	2,070,272	1.28
16	BNM HOLDINGS PTY LTD <BJD BERESFORD FAMILY A/C>	2,020,100	1.25
17	ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM RD S/F A/C>	2,000,000	1.23
18	WESTRADE RESOURCES PTY LTD <SHEPPARD SUPER FUND A/C>	2,000,000	1.23
19	MR GREGORY CHESSELL + MRS MELANIE CHESSELL <GREG CHESSELL SUPER FUND A/C>	1,992,938	1.23
20	MRS JODI CLAYTON	1,775,000	1.09
	Total	77,458,536	47.76%
	Remainder	84,738,574	52.24%
	Grand Total	162,197,110	100%

C) ON-MARKET BUY-BACK

The company has a current on-market buy-back.

D) VOTING RIGHTS

The voting rights for each class of security on issue as at 20 August 2019 are:

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each ordinary fully paid share held.

EUROZ LIMITED CONTACT DETAILS

EUROZ SECURITIES LIMITED

Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000

PO Box Z5036
St Georges Terrace
Perth 6831
Western Australia

T: +61 8 9488 1400
F: +61 8 9488 1477

eurozsecurities.com

Euroz Securities Limited
ACN 089 314 983
AFSL 243302
Participant of the ASX Group

WESTOZ FUNDS MANAGEMENT PTY LTD

Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000

PO Box Z5036
St Georges Terrace
Perth 6831
Western Australia

T: +61 8 9321 7877
F: +61 8 9321 8288

westozfunds.com.au

Westoz Funds Management Pty Ltd
ACN 106 677 721
AFSL 285607

OZGROWTH LIMITED

Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000

PO Box Z5036
St Georges Terrace
Perth 6831
Western Australia

T: +61 8 9321 7877
F: +61 8 9321 8288

ozgrowth.com.au

Ozgrowth Limited
ACN 126 450 271

WESTOZ INVESTMENT COMPANY LIMITED

Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000

PO Box Z5036
St Georges Terrace
Perth 6831
Western Australia

T: +61 8 9321 7877
F: +61 8 9321 8288

westoz.com.au

Westoz Investment Company Limited
ACN 113 332 942

ENTRUST WEALTH MANAGEMENT PTY LTD

Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000

PO Box Z5034
Perth 6831
Western Australia

T: +61 8 9476 3900
F: +61 8 9321 6333

E: info@entrustwealth.com.au
entrustwealth.com.au

Entrust Wealth Management Pty Ltd
ACN 100 088 168
AFSL 222152

PRODIGY INVESTMENT PARTNERS LIMITED

Level 9
20 Bond Street
SYDNEY NSW 2000

T: +61 2 8651 3490

prodigyinvest.com.au

Prodigy Investment Partners Limited
ACN 600 471 430
AFSL 466173

FLINDERS INVESTMENT PARTNERS PTY LTD

Level 15
385 Bourke Street
MELBOURNE
VIC 3000

T: +61 3 9909 2690

flindersinvest.com.au

Flinders Investment Partners Pty Ltd
ACN 604 121 271
Flinders Investment Partners Pty Ltd is a
Corporate Authorised Representative
(#001234191) of Prodigy Investment
Partners Limited AFSL 466173

DALTON STREET CAPITAL PTY LTD

Level 9
20 Bond Street
SYDNEY NSW 2000

T: +61 2 8651 3490

daltonstreetcapital.com

Dalton Street Capital Pty Ltd
ACN 609 114 034
Dalton Street Capital Pty Ltd is a
Corporate Authorised Representative
(#001239803) of Prodigy Investment
Partners Limited AFSL 466173

EQUUS POINT CAPITAL PTY LTD

Level 9
20 Bond Street
SYDNEY NSW 2000

T: +61 2 8651 3490

equuspointcapital.com.au

Equus Point Capital Pty Ltd
ACN 628 191 051
Equus Point Capital Pty Ltd is a
Corporate Authorised Representative
(#001266997) of Prodigy Investment
Partners Limited AFSL 466173

EUROZ

Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000

PO Box Z5036
St Georges Terrace
Perth 6831
Western Australia

T: +61 8 9488 1400
F: +61 8 9488 1477
euroz.com

Euroz Limited
ACN 000 364 465