



14 February 2020

Appendix 4D

Half- yearly report

Period ended 31 December 2019

EUROZ LIMITED

ABN 53 000 364 465

Results for announcement to the market

Extracts from this report for announcement to the market

\$AUD

	31 Dec 19	31 Dec 18	Change \$	Change %
Revenue from ordinary activities	\$32,082,052	\$37,511,450	(\$5,429,398)	(14%)
Profit/(loss) from ordinary activities after tax attributable to members	\$8,551,519	(\$2,138,542)	10,690,061	500%
Net Profit/(loss) for the period attributable to members	\$8,551,519	(\$2,138,542)	10,690,061	500%
Net Tangible Assets per share	\$0.69 ¹	\$0.74		(6.8%)
Dividends and Distributions	Amount per security	Franked amount per security		
Interim Dividend	1.75 cents	1.75 cents		
Final Dividend	-	-		
Record date for determining entitlements to the interim dividend				5 Feb 2020
Last date for election to participate in Dividend Reinvestment Plan				6 Feb 2020
Dividend payable date				21 Feb 2020
The Company's dividend reinvestment plan is applicable to the interim dividend.				
¹ Note – Net Tangible Assets per share as at 31 December 2019 recognises the implementation of AASB 16:Leases. In accordance with ASIC guidance, 'right-of-use' lease assets have been excluded from assets in the NTA calculation whilst the lease liability remains in the NTA calculation.				

Results commentary for announcement to the market

The Directors of Euroz Limited announce a net profit after tax (attributable to members) of \$8.6 million for the 6 months to 31 December 2019 compared to the net loss after tax (attributable to members) of -\$2.1 million for the 6 months to 31 December 2018.

Underlying "cash" profits after tax of \$4.5 million were combined with \$4.9 million in "non-cash" after tax profits from the mark to market on investments but were offset by \$0.8 million in "non-cash" after tax losses relating to the write down of deferred tax assets associated with the Prodigy Investment Partners ("Prodigy") boutiques.

Result Commentary

Underlying cash profitability was driven by a strong performance from Euroz Securities which delivered Equity Capital Market ("ECM") raisings of \$519 million versus the corresponding half year of \$277 million. It is also pleasing that brokerage income at the half year was up 29% versus the previous corresponding half. Euroz Securities Funds Under Management ("FUM") was up over the past 6 months to \$378 million reflecting modest organic new FUM growth.

Entrust Wealth Management (“**Entrust**”) has seen a continuation of excellent organic growth with FUM of \$998 million. Entrust has now grown FUM from \$565 million since being acquired in July 2015 and we remain very pleased with its performance and ability to continue to drive further organic growth.

Westoz Investment Company Limited (ASX:WIC) and Ozgrowth Limited (ASX:OZG) both had very solid investment performance of 15.5% and 10.8% respectively (gross) for the 6 months to 31 December 2019. The share prices of these significant investments continue to be a major influence on our reported profitability and the increase in their share prices for the 6 months to 31 December 2019 contributed \$4.2 million to our headline reported profit.

Our first Prodigy boutique partner, Flinders Investment Partners (“Flinders”), has demonstrated outstanding investment performance of 16.3%pa (gross) since inception together with a strong return in the 2019 calendar year where the Fund delivered 35.9% (gross). The Fund was ranked one of the top 10 performing Australian Small Company Funds by Morningstar in 2019, and is ranked top quartile amongst its peers over various periods including since inception. Strong returns above the benchmark (S&P/ASX Small Ordinaries Index) enabled Flinders to generate an excellent performance fee for the 6-month period.

Our second Prodigy boutique partner, Dalton Street Capital, returned 4.91% gross investment returns for the calendar year but continued low intraday futures volatility and negative Asian market sentiment has seen total FUM decrease to \$62 million as at 31 December 2019.

Our third and latest Prodigy partner, Equus Point Capital, returned -0.51% (gross) for the calendar year with FUM of \$3.8 million as at 31 December 2019.

Group FUM remains an important measure for our various businesses and the Directors report solid FUM growth to \$1.73 billion as at 31 December 2019.

Summary

The Board is pleased that our Euroz Securities business remains strongly leveraged to the commodity price cycle and to Western Australia in general and is performing well. Western Australia is showing signs of bottoming out and a modest recovery appears to be underway.

We remain increasingly positive on the internal and external drivers for our high-quality wealth management Entrust business and growing FUM through both organic growth and potential acquisitions.

Westoz and Ozgrowth had an excellent first half year through their exposure to quality small-mid cap Western Australian connected companies and “Finding the Best in the West” for their investors.

Our Flinders partnership has an outstanding 4-year performance track record and we are optimistic that committed FUM from a number of consultants and platforms will provide more significant fund flow and scale for this quality investment team.

We remind investors that our second half year performance and final dividend will be dependent on market sentiment, commodity prices and resulting ECM activity.

A dividend of 1.75 cents per share, fully franked, was provided for and will subsequently be paid on 21 February 2020.

For further information please contact:

Andrew McKenzie
Executive Chairman
M: 0438755727
E: amckenzie@euroz.com

This announcement is authorised for release by the officer named above.

Reporting period

The financial information contained in this report is for the six-month period ended 31 December 2019. This document should be read in conjunction with the Interim Financial Report and any public announcements made in the period by Euroz in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

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Euroz Limited

ABN 53 000 364 465

Financial Report

For the half year ended 31 December 2019

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

DIRECTORS' REPORT

Your Directors submit the interim financial report of the consolidated group (“Euroz Limited and its controlled entities”) for the half-year ended 31 December 2019.

DIRECTORS

The names of Directors who held office during or since the end of the half-year:-

Andrew McKenzie
Jay Hughes
Greg Chessell
Russell Kane
Simon Yeo
Anthony Brittain
Robert Black

COMPANY SECRETARY

Anthony Hewett

PRINCIPAL ACTIVITIES

During the half-year the principal activities of the consolidated group consisted of:

- Stockbroking (including Corporate Finance);
- Funds management;
- Wealth management; and
- Investing.

OPERATING RESULTS AND REVIEW OF OPERATIONS

The Directors of Euroz Limited announce a net profit after tax (attributable to members) of \$8.6 million for the 6 months to 31 December 2019 compared to the net loss after tax (attributable to members) of -\$2.1 million for the 6 months to 31 December 2018.

Underlying “cash” profits after tax of \$4.5 million were combined with \$4.9 million in “non-cash” after tax profits from the mark to market on investments but were offset by \$0.8 million in “non-cash” after tax losses relating to the write down of deferred tax assets associated with the Prodigy Investment Partners (“Prodigy”) boutiques.

Underlying cash profitability was driven by a strong performance from Euroz Securities which delivered Equity Capital Market (“ECM”) raisings of \$519 million versus the corresponding half year of \$277 million. It is also pleasing that brokerage income at the half year was up 29% versus the previous corresponding half. Euroz Securities Funds Under Management (“FUM”) was up over the past 6 months to \$378 million reflecting modest organic new FUM growth.

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EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

DIRECTORS' REPORT (continued)

Our first Prodigy boutique partner, Flinders Investment Partners (“Flinders”), has demonstrated outstanding investment performance of 16.3%pa (gross) since inception together with a strong return in the 2019 calendar year where the Fund delivered 35.9% (gross). The Fund was ranked one of the top 10 performing Australian Small Company Funds by Morningstar in 2019, and is ranked top quartile amongst its peers over various periods including since inception. Strong returns above the benchmark (S&P/ASX Small Ordinaries Index) enabled Flinders to generate an excellent performance fee for the 6-month period.

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Group FUM remains an important measure for our various businesses and the Directors report solid FUM growth to \$1.73 billion as at 31 December 2019.

The Board is pleased that our Euroz Securities business remains strongly leveraged to the commodity price cycle and to Western Australia in general and is performing well. Western Australia is showing signs of bottoming out and a modest recovery appears to be underway.

We remain increasingly positive on the internal and external drivers for our high-quality wealth management Entrust business and growing FUM through both organic growth and potential acquisitions.

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We remind investors that our second half year performance and final dividend will be dependent on market sentiment, commodity prices and resulting ECM activity.

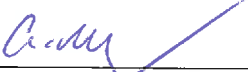
DIVIDENDS

A dividend of 1.75 cents per share, fully franked, was provided for will subsequently be paid on 21 February 2020.

AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2019.

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



Andrew McKenzie
Executive Chairman
14 February 2020

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF EUROZ LIMITED

In relation to our review of the financial report of Euroz Limited for the half year ended 31 December 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.

PKF Perth

PKF PERTH

Simon Fermanis

SIMON FERMANIS
PARTNER

14 FEBRUARY 2020
WEST PERTH,
WESTERN AUSTRALIA

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EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

	Note	31 December 2019 \$	31 December 2018 \$
Revenue	3	32,082,052	37,511,450
Gain / (Loss) on fair value movement on investments		6,968,053	(12,903,078)
Brokerage and underwriting expenses		(2,417,867)	(2,093,736)
Carrying value of principal trading stock sold		(5,870,610)	(9,620,917)
Employee benefits expense		(14,483,276)	(13,584,863)
Depreciation and amortisation expenses		(703,901)	(186,150)
Regulatory expenses		(224,597)	(137,339)
Consultancy expenses		(297,898)	(292,023)
Conference and seminar expenses		(456,441)	(407,305)
Communication expenses		(177,998)	(215,700)
Other expenses		(2,368,631)	(2,580,686)
Profit/(Loss) before income tax expense		12,048,886	(4,510,347)
Income tax benefit / (expense)		(5,499,884)	1,518,902
Profit/(Loss) after income tax expense for the period		6,549,002	(2,991,445)
Other comprehensive income			
Other comprehensive income net of tax		-	-
Total comprehensive income for the period		6,549,002	(2,991,445)
Profit/(Loss) for the period is attributable to:			
Non-Controlling interest		(2,002,517)	(852,903)
Owners of Euroz Limited		8,551,519	(2,138,542)
		(6,549,002)	(2,991,445)
Total comprehensive income/(loss) for the period is attributable to:			
Non-Controlling interest		(2,002,517)	(852,903)
Owners of Euroz Limited		8,551,519	(2,138,542)
		6,549,002	(2,991,445)
		Cents	Cents
Basic earnings per share		5.45	(1.37)
Diluted earnings per share		5.31	(1.33)

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

EUROZ LIMITED
AS AT 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents		27,369,317	27,383,046
Trade and other receivables		1,855,493	1,934,887
Inventories	8	6,500,115	7,430,215
Other current assets		2,091,464	1,379,065
Current tax receivable		-	217,140
Total current assets		<u>37,816,389</u>	<u>38,344,353</u>
Non-current assets			
Long term receivable		5,000,000	5,000,000
Investments	8	13,189,678	13,136,978
Investment entities at fair value	8	64,218,301	58,016,264
Plant and equipment		660,382	715,152
Deferred tax assets		3,368,225	6,960,607
Intangible assets		10,178,785	10,178,785
Right of use assets		5,060,124	-
Total non-current assets		<u>101,675,495</u>	<u>94,007,786</u>
Total assets		<u>139,491,884</u>	<u>132,352,139</u>
Current liabilities			
Trade and other payables		2,319,973	1,772,881
Current tax liabilities		159,570	-
Short term provisions		6,553,386	11,446,094
Lease liabilities		972,025	-
Total current liabilities		<u>10,004,954</u>	<u>13,218,975</u>
Non-current liabilities			
Deferred tax liabilities		1,491,150	1,313,068
Long term provisions		24,679	24,680
Lease liabilities		4,098,881	-
Total non-current liabilities		<u>5,614,710</u>	<u>1,337,748</u>
Total liabilities		<u>15,619,664</u>	<u>14,556,723</u>
Net assets		<u>123,872,220</u>	<u>117,795,416</u>
Equity			
Share capital	9(a)	103,451,837	101,333,244
Reserve	9(f)	3,926,603	3,846,281
Retained earnings		24,171,660	18,503,754
Total Equity attributable to the holders of the Company		<u>131,550,100</u>	<u>123,683,279</u>
Minority interest		(7,677,880)	(5,887,863)
Total equity		<u>123,872,220</u>	<u>117,795,416</u>

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

**EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Retained Earnings	Share based payment reserve	Total	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	101,333,244	18,503,754	3,846,281	123,683,279	(5,887,863)	117,795,416
Adjustment for change in accounting policy (Note 1)	-	(46,036)	-	(46,036)	-	(46,036)
Balance at 1 July 2019 - restated	101,333,244	18,457,718	3,846,281	123,637,243	(5,887,863)	117,749,380
Profit for the period	-	8,551,519	-	8,551,519	(2,002,517)	6,549,002
Total comprehensive income for the period	-	8,551,519	-	8,551,519	(2,002,517)	6,549,002
<i>Transactions with owners, recorded directly in equity</i>						
Shares issued during the period	1,316,424	-	-	1,316,424	212,500	1,528,924
Vested shares under Performance Rights Plan	902,233	-	(902,233)	-	-	-
Treasury shares acquired	(100,064)	-	-	(100,064)	-	(100,064)
Share based payments	-	-	982,555	982,555	-	982,555
Dividends to equity holders	-	(2,837,577)	-	(2,837,577)	-	(2,837,577)
Total contributions by and distributions to owners	2,118,593	(2,837,577)	80,322	(638,662)	212,500	(426,162)
Balance at 31 December 2019	103,451,837	24,171,660	3,926,603	131,550,100	(7,677,880)	123,872,220

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

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Retained Earnings	Share based payment reserve	Total	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	102,343,793	29,470,406	2,646,774	134,460,973	(3,985,948)	130,475,025
Loss for the period	-	(2,138,542)	-	(2,138,542)	(852,903)	(2,991,445)
Total comprehensive income for the period	-	(2,138,542)	-	(2,138,542)	(852,903)	(2,991,445)
<i>Transactions with owners, recorded directly in equity</i>						
Vested shares under Performance Rights Plan	494,685	-	(494,685)	-	-	-
Treasury shares acquired	(237,184)	-	-	(237,184)	-	(237,184)
Share based payments	-	-	996,218	996,218	-	996,218
Dividends to equity holders	-	(2,813,869)	-	(2,813,869)	-	(2,813,869)
Total contributions by and distributions to owners	257,501	(2,813,869)	501,533	(2,054,835)	-	(2,054,835)
Balance at 31 December 2018	102,601,294	24,517,995	3,148,307	130,267,596	(4,838,851)	125,428,745

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

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2019	31 December 2018
	\$	\$
Cash flows from operating activities		
Receipts from customers	23,479,334	26,789,096
Proceeds from sale of trading shares	5,662,675	11,897,927
Payments to suppliers and employees	(18,059,987)	(19,910,878)
Payments for trading shares	(3,653,189)	(6,450,467)
Interest received	163,687	297,606
Income taxes paid	(1,352,709)	(6,880,453)
Net cash from operating activities	6,239,811	5,742,831
Cash flows from investing activities		
Payments for investment in WIC & OZG	(164,750)	-
Receipts/payments for management investment schemes	9,498	(2,000,000)
Receipts from disposal of management investment schemes	-	2,876,534
Dividends and trust distributions received	1,498,363	1,468,901
Payments for property, plant and equipment	(145,406)	(318,250)
Net cash from investing activities	1,197,705	2,027,185
Cash flows from financing activities		
Payment for treasury shares	(100,062)	(237,184)
Dividends paid	(8,048,597)	(14,888,072)
Repayment of lease liabilities	(538,982)	-
Interest paid on lease liabilities	(80,028)	-
Proceeds from share issue	1,316,424	-
Net cash used in financing activities	(7,451,245)	(15,125,256)
Net decrease in cash and cash equivalents	(13,729)	(7,355,240)
Cash and cash equivalents at 1 July	27,383,046	39,390,169
Cash and cash equivalents at 31 December	27,369,317	32,034,929

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

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Euroz Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Euroz Limited is a company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange. The half-year financial report is presented in Australian dollars.

This consolidated half-year financial report was approved by the Board of Directors for issue on 14 February 2020.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain investments and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated group's annual financial report for the financial year ended 30 June 2019 with the exception of those noted below in "*Adoption of new or revised accounting standards and interpretations*".

The half-year report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business.

Adoption of new or revised accounting 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 half-year. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following new Accounting Standards and Interpretations are most relevant to the consolidated entity for the half-year:

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 1. Statement of significant accounting policies (continued)

Adoption of new or revised accounting standards and interpretations (continued)

AASB 16 Leases

The consolidated group has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	6,131,095
Finance lease commitments as at 1 July 2019 (AASB 117)	-
Operating lease commitments discount based on the weighted average incremental borrowing rate of 3.5% (AASB 16)	(155,526)
Short-term leases not recognised as a right-of-use asset (AASB 16)	(700)
Accumulated depreciation as at 1 July 2019 (AASB 16)	(411,017)
Right-of-use assets (AASB 16)	<u>5,563,852</u>
Lease liabilities - current (AASB 16)	(1,076,737)
Lease liabilities - non-current (AASB 16)	(4,533,151)
Reduction in opening retained profits as at 1 July 2019	<u>(46,036)</u>

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Statement of significant accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, significant judgment made by management in applying the consolidated group's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2019.

Note 2: Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

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.

The consolidated group's reportable segments under AASB 8 are therefore as follows;

Stockbroking & Corporate Finance

Stockbroking business offering trading of Australian securities, post trade reporting, corporate finance opportunities and 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 administration of funds under management.

EUROZ LIMITED**FOR THE HALF YEAR ENDED 31 DECEMBER 2019****NOTES TO THE FINANCIAL STATEMENTS (continued)****Note 2: Segment information (continued)****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.

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.

Segment performance

	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Investment Income	Wealth Management	Total
	\$	\$	\$	\$	\$	\$
31 December 2019:						
Revenue	17,473,635	5,662,675	2,654,049	-	4,592,913	30,383,272
Interest revenue	117,040	1,057	14,456	19,969	9,662	162,184
Other revenue	36,439	17,261	-	1,481,184	1,712	1,536,596
Total segment revenue	17,627,114	5,680,993	2,668,505	1,501,153	4,604,287	32,082,052
Segment net profit/ (loss) after tax	2,641,816	282,902	(3,146,081)	5,547,750	1,222,915	6,549,002
Depreciation & amortisation	550,642	-	148,573	-	4,686	703,901
Segment assets	33,105,152	6,500,115	5,267,183	89,207,777	5,411,657	139,491,884
Segment liabilities	8,333,791	82,674	1,695,439	4,489,153	1,018,607	15,619,664
31 December 2018:						
Revenue	17,457,733	11,897,927	2,015,629	-	4,321,225	35,692,514
Interest revenue	201,269	2,427	30,639	54,740	10,237	299,312
Other revenue	48,024	26,837	-	1,442,642	2,121	1,519,624
Total segment revenue	17,707,026	11,927,191	2,046,268	1,497,382	4,333,583	37,511,450
Segment net profit / (loss) after tax	3,226,782	2,018,741	(1,348,476)	(8,025,352)	1,136,860	(2,991,445)
Depreciation & amortisation	144,883	-	36,690	-	4,577	186,150
Segment assets	32,848,835	7,419,894	5,744,683	85,257,568	4,995,183	136,266,163
Segment liabilities	5,022,308	172,286	770,319	3,807,952	1,064,553	10,837,418

EUROZ LIMITED

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3: Revenue

	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Investment Income	Wealth Management	Total
	\$	\$	\$	\$	\$	\$
31 December 2019:						
Brokerage	8,686,065	-	-	-	310,053	8,996,118
Underwriting and placement fees	6,450,604	-	-	-	329,698	6,780,302
Performance and management fees	1,988,705	-	2,654,049	-	-	4,642,754
Wealth management fees	-	-	-	-	3,953,162	3,953,162
Proceeds on sale of principal trading shares	-	5,662,675	-	-	-	5,662,675
Corporate retainers	348,261	-	-	-	-	348,261
Other income						
Interest received	117,040	1,057	14,456	19,969	9,662	162,184
Other revenue	36,439	82	-	303	1,712	38,536
Dividends and trust distributions received	-	17,179	-	1,480,881	-	1,498,060
	17,627,114	5,680,993	2,668,505	1,501,153	4,604,287	32,082,052
31 December 2018:						
Brokerage	6,718,337	-	-	-	419,098	7,137,435
Underwriting and placement fees	6,962,289	-	-	-	186,845	7,149,134
Performance and management fees	1,699,943	-	2,015,629	-	-	3,715,572
Wealth management fees	-	-	-	-	3,715,282	3,715,282
Proceeds on sale of principal trading shares	-	11,897,927	-	-	-	11,897,927
Corporate retainers	2,077,164	-	-	-	-	2,077,164
Other income						
Interest received	201,269	2,427	30,639	54,740	10,237	299,312
Other revenue	47,274	577	-	-	2,121	49,972
Dividends and trust distributions received	750	26,260	-	1,442,642	-	1,469,652
	17,707,026	11,927,191	2,046,268	1,497,382	4,333,583	37,511,450

Note 4: Dividends

31 December 2019	31 December 2018
\$	\$

Fully franked ordinary dividend declared on 31 December 2019 of 1.75 cents (2018: 1.75 cents) per share franked at the tax rate of 30% (2018: 30%). This has been recognised as a provision in the consolidated statement of financial position at 31 December 2019.

<u>2,838,449</u>	<u>2,817,314</u>
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EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5: Contingent liabilities and assets

The consolidated group had contingent liabilities at 31 December 2019 as follows:

	31 December 2019	30 June 2019
	\$	\$
(i) Secured guarantees in respect of: Operating lease of the consolidated group	<u>1,013,514</u>	<u>1,013,514</u>

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 (30 June 2019: \$5,000,000).

The group has no contingent assets at reporting date.

Note 6: Key management personnel

Permanent arrangements of key management personnel are disclosed in the annual financial report.

Note 7: Subsequent events

The Directors are not aware of any other matter or circumstance subsequent to 31 December 2019 that has significantly affected, or may significantly affect the consolidated group's operations in future financial years, the results of those operations in future financial years, or the consolidated group's state of affairs in future financial years.

Note 8: Fair value measurement

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). Such unlisted investments are held at recent trading prices.

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

31 December 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets:				
Investments	82,719,267	1,188,827	-	83,908,094
Total Assets	82,719,267	1,188,827	-	83,908,094
30 June 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets:				
Investments	77,611,380	972,077	-	78,583,457
Total Assets	77,611,380	972,077	-	78,583,457

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9: Share capital

	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 \$	30 June 2019 \$
(a) Share capital				
Ordinary shares:				
Issued and paid up capital - consisting of ordinary shares (net of treasury shares)	<u>157,196,009</u>	<u>155,012,651</u>	<u>103,451,837</u>	<u>101,333,244</u>
(b) Movements in ordinary share capital			31 December 2019 (no)	30 June 2019 (no)
At the beginning of the period			155,012,651	155,879,961
Acquisition of treasury shares			(100,000)	(1,265,500)
Shares issued during the period			1,207,728	-
Vested shares under Performance Rights Plan			<u>1,075,630</u>	<u>398,190</u>
At the end of the period			<u>157,196,009</u>	<u>155,012,651</u>
(c) Movements in ordinary share capital			31 December 2019 \$	30 June 2019 \$
At the beginning of the period			101,333,244	102,343,793
Acquisition of treasury shares			(100,064)	(1,494,734)
Shares issued during the period			1,316,424	-
Vested shares under Performance Rights Plan			902,233	494,685
Share issue cost			-	(10,500)
At the end of the period			<u>103,451,837</u>	<u>101,333,244</u>
(d) Movements in treasury shares			31 December 2019 (no)	30 June 2019 (no)
Opening balance			(5,976,731)	(5,109,421)
On-market purchase during the period			(100,000)	(1,265,500)
Vested shares under Performance Rights Plan			<u>1,075,630</u>	<u>398,190</u>
			<u>(5,001,101)</u>	<u>(5,976,731)</u>
(e) Performance rights				

Performance rights were granted during the current period to 95 employees (2019:84) eligible to participate in the performance rights plan ("the plan"). The fair value vesting expense in relation to these performance rights totalled \$207,310. The vesting expense relating to plan shares held as treasury shares in relation to the plan for financial year 2017, 2018 and 2019 amounts to \$775,245. Therefore, the total vesting expense associated with the plan for the current period totals \$982,555.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9: Share capital (continued)

(f) Movements in share based payments reserve

	31 December 2019 \$	30 June 2019 \$
Opening balance	3,846,281	2,646,774
Vested shares under Performance Rights Plan	(902,233)	1,694,192
Share based payments expense	<u>982,555</u>	<u>(494,685)</u>
Closing balance	<u>3,926,603</u>	<u>3,846,281</u>

The movement in share based payments reserve relates to the fair value of performance rights that vested and issued as part of the performance rights plan. The fair value of performance rights is calculated as 25% of an individual's annual bonus as determined by the Board.

Advisors who are paid a commission may also be paid in equity when they meet specific performance hurdles as set out in their individual employment contract. Performance rights convert to plan shares after year 1 which are held as treasury shares by the Euroz Share Trust. These plan shares are subject to a 3 year vesting period.


EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

DIRECTORS' DECLARATION

The Directors of the company declare that: -

1. The financial statements and notes, of the consolidated group are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
2. 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

Dated: 14 February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF EUROZ LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Euroz Limited (the company) and controlled entities (consolidated group), which comprises the consolidated statement of financial position as at 31 December 2019, and 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 half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated group comprising the company and the entities it controlled at 31 December 2019, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Euroz Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated group's financial position as at 31 December 2019, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Euroz Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF Perth

PKF PERTH



SIMON FERMANIS
PARTNER

14 FEBRUARY 2020
WEST PERTH,
WESTERN AUSTRALIA