

# Appendix 4D

## Half- yearly report Period ended 31 December 2017

**EUROZ LIMITED**

**ABN 53 000 364 465**

### Results for announcement to the market

*Extracts from this report for announcement to the market*

**\$AUD**

	<b>31 Dec 17</b>	<b>31 Dec 16</b>	<b>Change \$</b>	<b>Change %</b>
Revenue from ordinary activities	\$24,135,021	\$30,523,213	-\$6,388,192	-20.9%
Profit/(loss) from ordinary activities after tax attributable to members	\$13,761,336	\$13,968,784	-\$207,448	-1.5%
Net Profit/(loss) for the period attributable to members	\$13,761,336	\$13,968,784	-\$207,448	-1.5%
<b>Net Tangible Assets per share</b>	\$0.76	\$0.72		+5.5%
<b>Dividends and Distributions</b>	Amount per security	Franked amount per security		
Interim Dividend	1.75 cents	1.75 cents		
Final Dividend	-	-		
Record date for determining entitlements to the dividend				29 Jan 18
Dividend payable date				2 Feb 18
<b>The Company's dividend reinvestment plan is not applicable to the interim dividend.</b>				

### Results commentary for announcement to the market

Euroz Limited ("Euroz") has experienced a continuation of positive trading conditions and Funds Under Management ("FUM") growth in the first half of the 2018 financial year. Euroz has delivered a net profit after tax of \$13.761 million attributable to members (\$12.548 million total group profit which is in line with previous guidance) for the 6 months to 31 December 2017

The Directors are pleased to have announced a first half dividend of 1.75c per share fully franked.

Profitability was driven by strong appreciations in the value of our various investments and in particular by the share prices of our significant holdings in the Westoz Investment Company ("Westoz") (ASX:WIC) and Ozgrowth Limited ("Ozgrowth") (ASX:OZG).

Euroz Securities delivered Equity Capital Market (ECM) raisings of \$270 million versus last year's \$576 million. Our Corporate Finance pipeline provides good potential opportunities for the second half. Brokerage income at the half was steady, broadly spread and similar to the corresponding period. Euroz Securities FUM increased by 24% from \$237 million to \$294 million in this six month period.

Westoz and Ozgrowth experienced further improvements in gross investment performance for the half of 29.3% and 22.0% respectively, while the mark to market value of these investments contributed \$8.4 million after tax to this unaudited result. The strong performance of these listed investment companies is important as it improves the possibility of future performance fees which have been a major driver of past profitability for Euroz.

Entrust Private Wealth Management has seen a continuation of solid organic growth with an increase in FUM of 9% to \$777 million. We continue to more actively target external wealth businesses and advisers to join our wealth management platform to complement this steady organic growth.

Our Prodigy Investment Partners funds management strategy continues to require patience and a modest amount of capital.

Flinders Investment Partners (“Flinders”) has returned an excellent 6 month gross investment performance of 24.8% but the prior year’s performance has continued to affect near term funds flow.

Dalton Street Capital (“Dalton”) has now received independent research ratings from Zenith Investment Partners and SQM Research and has been approved on a growing number of investment platforms. Dalton has achieved gross investment performance since 30 June 2017 of 14.55% and calendar year performance of 26.92% to 31 December 2017. We are pleased that this alternative investment fund has had substantial funds flow in recent months and closing FUM of \$66.4 million at 31 December 2017.

Group FUM remains a good general measure for all of our businesses and the Directors are pleased to report an increase of 16.5% from \$1.2 billion at 30 June 2017 to \$1.4 billion at 31 December 2017.

### **Summary**

The board is confident in our strategy to supplement our traditional transactional revenue streams with annuity revenue. We remind investors that our second half upside remains dependant on our ECM activity and funds management performance fees. The outlook for both of these significant variables is positive but dependant on the performance of markets in the second half.

### **Reporting period**

*The financial information contained in this report is for the six month period ended 31 December 2017. 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.*

**EUROZ LIMITED  
AND CONTROLLED ENTITIES  
A.B.N. 53 000 364 465**

**HALF-YEAR REPORT**

**31 DECEMBER 2017**

**Euroz Limited and Controlled Entities**

**ABN 53 000 364 465**

**Half-year Report - 31 December 2017**

**Contents**

Directors' Report.....	3
Auditor's Independence Declaration .....	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	6
Consolidated Statement of Financial Position .....	7
Consolidated Statement of Changes in Equity .....	8
Consolidated Statement of Cash Flows .....	9
Notes to the Financial Statements .....	10
Directors' Declaration .....	16
Independent Auditor's Review Report .....	17

## **Euroz Limited 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 2017.

### **DIRECTORS**

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

Andrew McKenzie – *Executive Chairman*  
Jay Hughes  
Anthony Brittain  
Rob Black  
Greg Chessell  
Russell Kane  
Simon Yeo

### **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;
- Investing; and
- Wealth management.

### **OPERATING RESULTS AND REVIEW OF OPERATIONS**

The Directors of Euroz Limited announce a net consolidated profit after tax of \$12,548,116 for the half-year to 31 December 2017 (2016: \$13,206,599).

Primary drivers of this profitability was strong appreciation in the value of our various investments and in particular our significant investments in the Westoz Investment Company Limited ("Westoz") (ASX: WIC) and Ozgrowth Limited ("Ozgrowth") (ASX: OZG).

Euroz Securities delivered Equity Capital Market (ECM) raisings of \$270 million versus last year's \$576 million. Our Corporate Finance pipeline provides good potential opportunities for the second half. Brokerage income at the half was steady, broadly spread and similar to the corresponding period. Euroz Securities "Funds Under Management" ("FUM") increased by 24% from \$237 million to \$294 million in this six month period.

Westoz and Ozgrowth experienced further improvements in gross investment performance for the half of 29.3% and 22.0% respectively, while the mark to market value of these investments contributed a net profit after tax of \$8.4 million.

Entrust Private Wealth Management has seen a continuation of solid organic growth and profitability with an increase in FUM of 9% to \$777 million. We continue to actively target external wealth businesses and advisers to join our wealth management platform to complement this steady organic growth.

**Euroz Limited**  
**Directors' Report (continued)**

Our Prodigy Investment Partners funds management strategy continues to require patience and a modest amount of capital.

Flinders Investment Partners ("Flinders") has returned an excellent 6 month gross investment performance of 24.8% but the prior year's performance has continued to affect near term funds flow.

Dalton Street Capital ("Dalton") has now received independent research ratings from Zenith Investment Partners and SQM Research and has been approved on a growing number of investment platforms. Dalton has achieved gross investment performance since 30 June 2017 of 14.55% and calendar year performance of 26.92% to 31 December 2017. We are pleased that this alternative investment fund has had substantial funds flow in recent months and closing FUM of \$66.4 million as at 31 December 2017.

Group FUM remains a key focus for all of our businesses and the Directors are pleased to report an increase of 16.5% from \$1.2 billion at 30 June 2017 to \$1.4 billion at 31 December 2017.

Our strategy is to continue 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.


**DIVIDENDS**

A dividend of 1.75 cents per share, fully franked, was provided for and paid on 2 February 2018.

**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 2017.

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

  
\_\_\_\_\_  
Andrew McKenzie  
Director

Dated: 20 February 2018

## 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 2017, 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 MACK



SHANE CROSS  
PARTNER

20 FEBRUARY 2018  
WEST PERTH  
WESTERN AUSTRALIA

**Euroz Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the half-year ended 31 December 2017**

	Note	31 December 2017 \$	31 December 2016 \$
Revenue	2	24,135,021	30,523,213
Gain on fair value movement on investments		14,516,005	11,085,178
Brokerage and underwriting expenses		(2,235,372)	(2,744,693)
Carrying value of principal trading stock sold		(1,474,239)	(2,707,081)
Employee benefits expense		(12,440,269)	(14,445,484)
Depreciation and amortisation expenses	2	(133,034)	(116,974)
Regulatory expenses		(126,628)	(140,611)
Consultancy expenses		(149,081)	(770,551)
Conference and seminar expenses		(434,922)	(561,579)
Communication expenses		(179,025)	(142,487)
Loss on deconsolidation	9	(29,572)	-
Other expenses		(2,193,092)	(2,282,426)
<b>Profit before income tax expense</b>		<b>19,255,792</b>	<b>17,696,505</b>
Income tax expense		(6,707,676)	(4,489,906)
<b>Profit after income tax expense for the period</b>		<b>12,548,116</b>	<b>13,206,599</b>
<b>Other comprehensive income</b>			
Other comprehensive income net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>12,548,116</b>	<b>13,206,599</b>
<b>Profit / (Loss) for the period is attributable to:</b>			
Non-Controlling interest		(1,213,220)	(762,185)
Owners of Euroz Limited		13,761,336	13,968,784
		<b>12,548,116</b>	<b>13,206,599</b>
<b>Total comprehensive income/(loss) for the period is attributable to:</b>			
Non-Controlling interest		(1,213,220)	(762,185)
Owners of Euroz Limited		13,761,336	13,968,784
		<b>12,548,116</b>	<b>13,206,599</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		8.74	8.84
Diluted earnings per share		8.55	8.81

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



**Euroz Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2017**

	Note	31 December 2017 \$	30 June 2017 \$
<b>Current assets</b>			
Cash and cash equivalents		29,047,411	41,152,236
Trade and other receivables		2,226,256	1,855,645
Inventories	7	7,289,789	5,049,119
Other current assets		<u>1,429,032</u>	<u>1,218,294</u>
Total current assets		<u>39,992,488</u>	<u>49,275,294</u>
<b>Non-current assets</b>			
Long term receivable		5,000,000	5,000,000
Investments	7	11,103,120	9,215,893
Investment entities at fair value	7	69,063,527	56,915,440
Plant and equipment		890,687	650,583
Deferred tax assets		3,659,545	7,558,090
Intangible assets		<u>10,178,785</u>	<u>10,208,552</u>
Total non-current assets		<u>99,895,664</u>	<u>89,548,558</u>
<b>Total assets</b>		<b><u>139,888,152</u></b>	<b><u>138,823,852</u></b>
<b>Current liabilities</b>			
Trade and other payables		1,982,539	3,346,290
Current tax liabilities		411,738	3,251,272
Short term provisions		<u>5,786,402</u>	<u>11,767,285</u>
Total current liabilities		<u>8,180,679</u>	<u>18,364,847</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		2,550,338	1,114,687
Long term provisions		<u>25,181</u>	<u>43,016</u>
Total non-current liabilities		<u>2,575,519</u>	<u>1,157,703</u>
<b>Total liabilities</b>		<b><u>10,756,198</u></b>	<b><u>19,522,550</u></b>
<b>Net assets</b>		<b><u>129,131,954</u></b>	<b><u>119,301,302</u></b>
<b>Equity</b>			
Share capital	8(a)	103,635,964	103,246,026
Reserve	8(f)	1,917,873	2,217,421
Retained earnings		<u>26,846,798</u>	<u>15,893,316</u>
<b>Total Equity attributable to the holders of the Company</b>		132,400,635	121,356,763
Minority interest		<u>(3,268,681)</u>	<u>(2,055,461)</u>
<b>Total equity</b>		<b><u>129,131,954</u></b>	<b><u>119,301,302</u></b>

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

**Euroz Limited**  
**Consolidated Statement of Changes in Equity**  
**For the half-year ended 31 December 2017**

	Issued Capital	Retained Earnings	Share based payment reserve	Total	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>103,246,026</b>	<b>15,893,316</b>	<b>2,217,421</b>	<b>121,356,763</b>	<b>(2,055,461)</b>	<b>119,301,302</b>
Profit for the period	-	13,761,336	-	13,761,336	(1,213,220)	12,548,116
Total comprehensive income for the period	-	13,761,336	-	13,761,336	(1,213,220)	12,548,116
<i>Transactions with owners, recorded directly in equity</i>						
Vested shares under employee share plan	1,006,123	-	(1,006,123)	-	-	-
Treasury shares acquired	(616,185)	-	-	(616,185)	-	(616,185)
Share buy back	-	-	-	-	-	-
Share based payments	-	-	706,575	706,575	-	706,575
Dividends to equity holders	-	(2,807,854)	-	(2,807,854)	-	(2,807,854)
Total contributions by and distributions to owners	389,938	(2,807,854)	(299,548)	(2,717,464)	-	(2,717,464)
<b>Balance at 31 December 2017</b>	<b>103,635,964</b>	<b>26,846,798</b>	<b>1,917,873</b>	<b>132,400,635</b>	<b>(3,268,681)</b>	<b>129,131,954</b>
<b>Balance at 1 July 2016</b>	<b>105,226,509</b>	<b>8,159,633</b>	<b>1,159,364</b>	<b>114,545,506</b>	<b>(715,656)</b>	<b>113,829,850</b>
Profit for the period	-	13,968,784	-	13,968,784	(762,185)	13,206,599
Total comprehensive income for the period	-	13,968,784	-	13,968,784	(762,185)	13,206,599
<i>Transactions with owners, recorded directly in equity</i>						
Vested shares under employee share plan	-	-	-	-	-	-
Treasury shares acquired	(1,191,883)	-	-	(1,191,883)	-	(1,191,883)
Share buy back	(15,600)	-	-	(15,600)	-	(15,600)
Share based payments	-	-	603,401	603,401	-	603,401
Dividends to equity holders	-	(2,808,515)	-	(2,808,515)	-	(2,808,515)
Total contributions by and distributions to owners	(1,207,483)	11,160,269	603,401	10,556,187	(762,185)	9,794,002
<b>Balance at 31 December 2016</b>	<b>104,019,026</b>	<b>19,319,902</b>	<b>1,762,765</b>	<b>125,101,693</b>	<b>(1,477,841)</b>	<b>123,623,852</b>

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

**Euroz Limited**  
**Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2017**

	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	19,457,193	26,189,126
Proceeds from sale of trading shares	2,145,781	2,549,014
Payments to suppliers and employees	(18,350,239)	(17,717,436)
Payments for trading shares	(2,983,965)	(578,734)
Interest received	256,497	468,991
Income taxes paid	(4,213,012)	(1,204,371)
	<u>(3,687,745)</u>	<u>9,706,590</u>
<b>Net cash (used in) / from operating activities</b>		
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(373,139)	(245,313)
Payments for investments	(100,254)	(2,502,359)
Dividends received	1,517,454	1,507,230
	<u>1,044,061</u>	<u>(1,240,442)</u>
<b>Net cash from / (used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Payment for treasury shares	(616,185)	(1,191,883)
Dividends paid	(8,844,956)	(3,613,462)
Shares bought-back	-	(15,600)
	<u>(9,461,141)</u>	<u>(4,820,945)</u>
<b>Net cash used in financing activities</b>		
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(12,104,825)</b>	<b>3,645,203</b>
Cash and cash equivalents at 1 July	41,152,236	34,202,416
	<u>29,047,411</u>	<u>37,847,619</u>
<b>Cash and cash equivalents at 31 December</b>		

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

**Euroz Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2017**

**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 2017 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 20 February 2018.

**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 2017.

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 adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated group.

**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 2017.

**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 activities***

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 advice in relation to funds management.

***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.

**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.

**Euroz Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 2: Segment information (continued)**

**Segment performance**

	<b>Stockbroking &amp; Corporate Finance Activities</b>	<b>Principal Trading</b>	<b>Funds Management</b>	<b>Investment</b>	<b>Wealth Management</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>
<b>31 December 2017:</b>						
Revenue	14,356,709	2,145,781	1,860,251	-	3,817,284	22,180,025
Interest revenue	169,307	5,598	19,710	18,360	9,463	222,438
Other revenue	156,191	15,623	-	1,502,562	58,182	1,732,558
<b>Total segment revenue</b>	<b>14,682,207</b>	<b>2,167,002</b>	<b>1,879,961</b>	<b>1,520,922</b>	<b>3,884,929</b>	<b>24,135,021</b>
Segment net profit/ (loss) after tax	1,792,656	614,130	(1,911,159)	11,284,713	767,776	12,548,116
Depreciation & amortisation	95,280	-	34,945	-	2,809	133,034
Segment assets	32,142,000	7,441,403	5,914,375	89,817,765	4,572,609	139,888,152
Segment liabilities	3,909,179	120,745	763,117	5,171,119	792,038	10,756,198
	<b>Stockbroking &amp; Corporate Finance Activities</b>	<b>Principal Trading</b>	<b>Funds Management</b>	<b>Investment</b>	<b>Wealth Management</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>
<b>31 December 2016:</b>						
Revenue	21,660,193	2,549,014	1,073,750	-	3,386,016	28,668,973
Interest revenue	222,795	314	23,010	75,375	631	322,125
Other revenue	-	10,892	-	1,496,398	24,825	1,532,115
<b>Total segment revenue</b>	<b>21,882,988</b>	<b>2,560,220</b>	<b>1,096,760</b>	<b>1,571,773</b>	<b>3,411,472</b>	<b>30,523,213</b>
Segment net profit / (loss) after tax	4,811,821	129,347	(1,338,405)	9,134,854	468,982	13,206,599
Depreciation & amortisation	94,107	-	22,867	-	-	116,974
Segment assets	33,625,903	5,216,549	4,897,869	86,629,003	4,280,454	134,649,778
Segment liabilities	4,844,018	144,198	653,264	4,648,444	736,001	11,025,925

**Euroz Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2017**

	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Note 3: Dividends</b>		
Fully franked ordinary dividend declared on 31 December 2017 of 1.75 cents (2016: 1.75 cents) per share franked at the tax rate of 30% (2016: 30%). This has been recognised as a provision in the statement of financial position at 31 December 2017.	<u>2,817,314</u>	<u>2,817,314</u>

**Note 4: Contingent liabilities and assets**

The consolidated group had contingent liabilities at 31 December 2017 as follows:

	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
(i) Secured guarantees in respect of: operating lease of the consolidated group	<u>807,699</u>	<u>807,699</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 (2016: \$5,000,000).

The group has no contingent assets at reporting date.

**Note 5: Key management personnel**

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

**Note 6: Subsequent events**

The Directors are not aware of any other matter or circumstance subsequent to 31 December 2017 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.

**Euroz Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 7: 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).

<b>31 December 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Assets:				
Investments	86,710,379	746,057	-	87,456,436
<b>Total Assets</b>	<b>86,710,379</b>	<b>746,057</b>	<b>-</b>	<b>87,456,436</b>
<b>30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Assets:				
Investments	70,544,395	636,057	-	71,180,452
<b>Total Assets</b>	<b>70,544,395</b>	<b>636,057</b>	<b>-</b>	<b>71,180,452</b>

**Note 8: Share capital**

	<b>31 December 2017 Shares</b>	<b>30 June 2017 Shares</b>	<b>31 December 2017 \$</b>	<b>30 June 2017 \$</b>
<b>(a) Share capital</b>				
Ordinary shares:				
Issued and paid up capital - consisting of ordinary shares (net of treasury shares)	156,988,961	156,654,382	103,635,964	103,246,026

**(b) Movements in ordinary share capital**

	<b>31 December 2017 (no)</b>	<b>30 June 2017 (no)</b>
At the beginning of the period	156,654,382	158,574,382
Acquisition of treasury shares	(550,000)	(1,900,000)
Vested shares under employee share plan	884,579	-
Share buy-back	-	(20,000)
At the end of the period	<u>156,988,961</u>	<u>156,654,382</u>



**Euroz Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 8: Share capital (continued)**

**(c) Movements in ordinary share capital**

	<b>31 December 2017 \$</b>	<b>30 June 2017 \$</b>
At the beginning of the period	103,246,026	105,226,509
Acquisition of treasury shares	(616,185)	(1,964,883)
Vested shares under employee share plan	1,006,123	-
Share buy-back	-	(15,600)
At the end of the period	<u>103,635,964</u>	<u>103,246,026</u>

Total value attributed to treasury shares acquired deducted from issued share capital as at 31 December 2017 amounts to \$3,958,995 (30 June 2017: \$4,465,952).

**(d) Movements in treasury shares**

	<b>31 December 2017 (no)</b>	<b>30 June 2017 (no)</b>
Opening balance	(4,335,000)	(2,435,000)
On-market purchase during the period	(550,000)	(1,900,000)
Vested under employee share plan	884,579	-
	<u>(4,000,421)</u>	<u>(4,335,000)</u>

**(e) Performance rights**

85 performance rights were granted during the current period to employees eligible to participate in the performance rights plan ("the plan"). The fair value vesting expense in relation to these performance rights totalled \$169,365. The vesting expense relating to plan shares held as treasury shares in relation to the plan for FY 2015, 2016 and 2017 amounts to \$536,210. Therefore, the total vesting expense associated with the plan for the current period totals \$706,575.

**(f) Movements in share based payments reserve**

	<b>31 December 2017 \$</b>	<b>30 June 2017 \$</b>
Opening balance	2,217,421	1,159,364
Vested shares under employee share plan	(1,006,123)	-
Share based payments expense	706,575	1,058,057
Closing balance	<u>1,917,873</u>	<u>2,217,421</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. Private Client Advisors who are paid a commission may also be paid 5% of their total monthly brokerage and portfolio administration revenue or 25% of corporate finance introduction fees in equity. 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.

**Note 9: Deconsolidation**

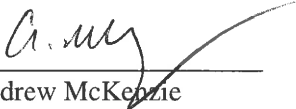
The Blackswan Equities Limited Group of companies were deregistered in the current period resulting in a loss on deconsolidation to the statement of profit or loss and other comprehensive income totalling \$29,572.

**Euroz Limited**  
**Directors' Declaration**  
**For the half-year ended 31 December 2017**

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 2017 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  
Director

Dated: 20 February 2018

## 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 2017, 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 2017, 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 2017, 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.

#### 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 2017 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 MACK



SHANE CROSS  
PARTNER

20 FEBRUARY 2018  
WEST PERTH,  
WESTERN AUSTRALIA