

Appendix 4E

Preliminary final report Period ended 30 June 2020

EUROZ LIMITED

ABN 53 000 364 465

Results for announcement to the market

Extracts from this report for announcement to the market

\$AUD

	30 June 20	30 June 19	Change \$	Change %
Revenue from ordinary continuing activities	\$67,545,324	\$59,952,695	7,592,629	13%
Profit/(loss) from ordinary activities after tax attributable to members	(\$1,354,726)	(\$107,685)	(\$1,247,041)	-1158%
Net Profit/(loss) for the period attributable to members	(\$1,354,726)	(\$107,685)	(\$1,247,041)	-1158%
Net Tangible Assets per share	\$0.64	\$0.69		-7.2%
Dividends and Distributions	Amount per security	Franked amount per security		
Interim Dividend	1.75 cents	1.75 cents		
Record date for determining entitlements to the interim dividend				5 Feb 20
Interim dividend payable date				21 Feb 20
DRP election date				6 Feb 20
Final Dividend	6 cents	6 cents		
Record date for determining entitlements to the final dividend				21 Jul 20
Final dividend payable date				7 Aug 20
DRP election date				22 Jul 20

The Company's dividend reinvestment plan is applicable to the interim and final dividends.

Results commentary for announcement to the market

Euroz Limited ("**Euroz**") reports a modest audited -\$1.35 million net loss for the financial year ended 30 June 2020. The major factor in this headline loss is the previously reported and mostly "non cash" write downs associated with the closure of the Prodigy business.

Our established Euroz Securities, Entrust Wealth Management and Westoz Funds Management businesses have performed well in a volatile market and contributed to solid underlying profitability of \$6.5 million.

Our headline profitability can be summarised as follows: Underlying "cash" profits of approximately \$6.5 million plus \$0.3 million "non-cash" after tax profits from the mark-to-market of investments were offset by -\$8.2 million "non-cash" after tax losses (mostly relating to Prodigy closure costs) resulting in a -\$1.35 million net loss after tax attributable to members.

Solid underlying cash profitability and the realisation of some of our fund investments enables your Directors to declare and pay a final fully franked dividend of 6 cents per share ("**cps**") which combined with the interim dividend of 1.75 cps brings the full year dividend to 7.75 cps (previous year 6.75 cps).

Group Funds Under Management ("**FUM**") remained steady at \$1.55 billion (\$1.58 billion last year). FUM growth was impacted by the removal of approximately \$119 million of Prodigy related FUM and to a degree by the emerging COVID-19 pandemic.

On 19 June 2020, Euroz announced that it had entered into an agreement to acquire 100% of the issued capital in Hartleys Limited (**Hartleys**). Since that date, the takeover bid process has commenced with a view to merging Euroz Securities and Hartleys Limited (to be renamed Euroz Hartleys Limited). The merger of the two businesses will create a significantly stronger company with a solid balance sheet, critical scale, recurring revenue and significant cost and operational synergies. We strongly believe the merger will deliver positive outcomes for clients and shareholders alike and positions the combined business well for the future.

We provide specific business updates as follows:

Euroz Securities

Euroz Securities experienced improved profitability on the previous year with brokerage revenues up approximately 30% and strong Equity Capital Market ("**ECM**") raisings of \$1.05 billion versus \$469 million in the prior period. Our private client business contributed strongly to our improved brokerage revenues and reported modest FUM growth to \$370 million at 30 June 2020.

Entrust Wealth Management

Entrust reported a modest improvement in FUM of 10% to \$969 million. We are pleased with the quality and stability of the Entrust offering at a time of significant change in the Wealth Management landscape. Entrust is well positioned for continued growth.

Westoz Funds Management

Westoz Investment Company Limited ("**WIC**") and Ozgrowth Limited ("**OZG**") have performed well in challenging and volatile markets. Their respective gross investment performance of -1.7% and 7.0% for the financial year compares to -7.2% for the All Ordinaries Accumulation Index and 1.8% for the Small Resources Accumulation Index for the same period. On payment of final dividends for FY2020, WIC and OZG will have returned \$167 million in fully franked dividends to their shareholders over the past 15 years.

Summary

Euroz Limited now employs 87 staff across our businesses as we continue to pursue our diversification and consolidation strategy. Euroz maintains a strong balance sheet with a cash balance at 30 June 2020 of \$46 million and zero debt.

Euroz Limited has paid \$235 million in fully franked dividends to shareholders across our 20-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.

For further information please contact:

Andrew McKenzie
Executive Chairman
Phone: 0438 755 727
Email: amckenzie@euroz.com

This announcement is authorised for release by the Board of Euroz.

Reporting period

The financial information contained in this report is for the period ended 30 June 2020. This document should be read in conjunction with the Financial Report and any public announcements made in the period by Euroz Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

Euroz Limited

ABN 53 000 364 465

Financial Report

For the year ended 30 June 2020

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

CONTENTS

CORPORATE DIRECTORY.....	3
DIRECTORS' REPORT.....	4
AUDITOR'S INDEPENDENCE DECLARATION.....	18
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	19
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	21
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	22
CONSOLIDATED STATEMENT OF CASH FLOWS.....	23
NOTES TO THE FINANCIAL STATEMENTS.....	25
DIRECTORS' DECLARATION.....	61
INDEPENDENT AUDITOR'S REPORT.....	62

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

CORPORATE DIRECTORY

Directors	Andrew McKenzie <i>Executive Chairman</i>
	Jay Hughes <i>Executive Director</i>
	Greg Chessell <i>Executive Director</i>
	Russell Kane <i>Executive Director</i>
	Simon Yeo <i>Executive Director</i>
	Anthony Brittain <i>Executive Director</i>
	Robert Black <i>Executive Director</i>
Company Secretary	Anthony Hewett
Registered Office and Principal Place of Business	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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

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 2020.

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) Wealth Management; and
- (d) Investing.

Review of results

The consolidated entity reports a modest -\$1.4 million net loss for the financial year ended 30 June 2020 (2019: net loss \$0.1 million). This result represents basic loss per share of \$0.87cents (2019: loss per share of \$0.07 cents).

The major factor in this headline loss is the previously reported and mostly “non cash” write downs associated with the closure of the Prodigy business. The Group’s headline profitability can be summarised as follows: Underlying “cash” profits of \$6.5 million plus \$0.3 million “non cash” after tax profits from mark-to-market of investments were offset by -\$8.2 million “non-cash” after tax losses (mostly relating to Prodigy closure costs) resulting in a -\$1.4 million net loss after tax attributable to members.

Solid underlying cash profitability and the realisation of some of our fund investments enables your Directors to declare and pay a final fully franked dividend of 6 cents per share (“cps”) which combined with the interim dividend of 1.75 cps brings the full year dividend to 7.75 cps (2019: 6.75 cps).

Review of operations (includes discontinued operation)

	Segment revenues		Segment results	
	2020	2019	2020	2019
	\$	\$	\$	\$
Stockbroking & Corporate Finance	34,475,737	29,564,518	5,796,529	4,074,625
Principal Trading	17,983,641	16,148,035	(1,477,852)	1,940,445
Funds Management	4,119,374	4,038,405	9,262,456	(2,763,869)
Wealth Management	9,087,234	8,801,676	1,830,264	2,249,613
Investment Income	<u>3,655,774</u>	<u>2,972,469</u>	<u>(11,060,947)</u>	<u>(7,510,414)</u>
	<u>69,321,760</u>	<u>61,525,103</u>	<u>4,350,450</u>	<u>(2,009,600)</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Group Funds Under Management ("FUM") remained steady at \$1.55 billion (\$1.58 billion last year). FUM growth was impacted by the removal of approximately \$119 million of Prodigy related FUM and to a degree by the emerging COVID-19 pandemic. Our Euroz Securities Limited ("Euroz Securities") business raised \$1.05 billion of new equity this financial year for our corporate clients versus \$469 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) Wealth Management; and
- (d) Investing.

Our operations are conducted over several locations with Perth, Western Australia (WA) being our main office. In March 2020, the Group concluded a strategic review of the investment in Prodigy which resulted in the decision to discontinue the Funds Management operations in Sydney, New South Wales and Melbourne, Victoria. 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

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT (CONTINUED)

iii. Private Clients (continued)

- Funds Under Management (FUM) of \$370 million (2019: \$357 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 \$215 million (2019: \$227 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 15 years, WIC and OZG have returned \$167 million in fully franked dividends to their shareholders.

Prodigy Investment Partners Limited ("Prodigy") was a funds management partnership with Euroz owning 80% and Mr Steve Tucker, Executive Chairman, owning 20%. In March 2020, the Group concluded a strategic review of the investment in Prodigy which resulted in the decision to discontinue the following operations:

- FIP Management Services Pty Ltd (formerly Flinders Investment Partners Pty Ltd) ("Flinders")
- DSC Investment Management Pty Ltd (formerly Dalton Street Capital Pty Ltd) ("Dalton")
- EPC Investment Pty Ltd (formerly Equus Point Capital Pty Ltd) ("Equus")

Industry headwinds, increasing barriers to entry and an inability to achieve sufficient scale all had a major influence on this decision.

(c) Wealth Management

In July 2015, Euroz acquired Entrust Wealth Management Pty Ltd ("Entrust") which has a 17-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 a modest improvement in funds under management in line with our growth strategy.

Entrust has a significant high net worth client base with FUM of \$969 million (2019: \$881 million).

(d) Investing

Euroz Limited owns significant shareholdings of 26.25% 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
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Disclosure of operations – Profit

Net loss after tax attributable to members was -\$1.4 million compared to -\$0.1 million in the 2019 financial year. Underlying “cash” profits of approximately \$6.5 million plus \$0.3 million “non-cash” after tax profits from the mark-to-market of investments were offset by -\$8.2 million “non-cash” after tax losses (mostly relating to Prodigy closure costs) resulting in a -\$1.4 million net loss after tax attributable to members.

Disclosure of operations – Sales

Revenue has increased by 12.67% to \$69.3 million from \$61.5 million (inclusive of revenue from discontinued operations). 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 up by 16.61% to \$34.5 million from \$29.6 million. Euroz Securities managed 36 (2019:18) Equity Capital Market (“ECM”) transactions this year raising \$1.05 billion (2019: \$469 million). FUM growth in our private client business continues to make progress and was up 3.5% to \$369.7 million.

(b) Principal Trading

Revenue from Principal Trading increased by 11.4% to \$18 million from \$16.1 million.

(c) Funds Management

Revenue from Funds Management increased by 2% to \$4.1 million from \$4.0 million in the prior year. Revenue predominantly included management fees received from WFM managed funds. Westoz Investment Company Limited (“WIC”) and Ozgrowth Limited (“OZG”) have performed well in challenging and volatile markets. Their respective gross investment performance of -1.7% and 7.0% for the financial year compares to -7.2% for the All Ordinaries Accumulation Index and 1.8% for the Small Resources 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) Wealth Management

Wealth Management revenue increased slightly by 3.2% to \$9.1 million from \$8.8 million. Entrust reported a pleasing improvement in FUM of 10%. We are pleased with the quality and stability of the Entrust offering at a time of significant change in the Wealth Management landscape. Entrust is well positioned for continued growth.

(e) Investment Income

Investment income increased by 23% to \$3.65million (2019: \$3 million).

Disclosure of business strategies and prospects - Growth

Our aim is to build real diversification of revenues into our overall business. We are cognisant that we need to significantly grow our wealth management FUM. Group FUM remained steady at \$1.55 billion (2019: \$1.58 billion) however, FUM growth was impacted by the removal of approximately \$119 million of Prodigy related FUM and to a degree by the emerging COVID-19 pandemic.

In March 2020, the Group concluded a strategic review of the investment in Prodigy which resulted in the decision to discontinue the following operations:

- FIP Management Services Pty Ltd (formerly Flinders Investment Partners Pty Ltd) (“Flinders”)
- DSC Investment Management Pty Ltd (formerly Dalton Street Capital Pty Ltd) (“Dalton”)
- EPC Investment Pty Ltd (formerly Equus Point Capital Pty Ltd) (“Equus”)

These funds managed by these boutiques have either been wound up or transferred to other managers.

On 17 July 2020, Euroz announced it has entered into a binding bid implementation agreement for an off-market takeover of 100% of Hartleys Limited (“Hartley”). The transaction is expected to be completed by October 2020 following which Hartleys will be renamed “Euroz Hartleys Limited”.

The merger of Euroz Securities into Euroz Hartleys will create a financial services company with a strong balance sheet, critical scale, strong operational synergies with solid recurring and transactional revenues delivering a positive outcome for clients and shareholders alike.

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 management businesses whilst still retaining the transaction-based upside of our traditional stockbroking business and performance fee upside from our funds management business.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Disclosure of business strategies and prospects - Material business risks

Due to the impact of Coronavirus (COVID-19) pandemic, the past year continues the trend of extremely volatile trading conditions. Like many businesses we adapted quickly to remote working and our continued provision of key client services and operations. We have experienced record trading months with the volatility of the markets. However significant economic concerns remain within the community.

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 \$114.3 million at 30 June 2020 from \$117.8 million at 30 June 2019. 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 \$31.9 million at 30 June 2020 (30 June 2019: \$25.1 million).

During the past twelve 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 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 \$111 million (including the Pershing security deposit of \$5 million) as at 30 June 2020. We have a Net Tangible Assets (NTA) of 64¢ per share and no debt. Euroz has a proud history of consistent profits and dividends having paid a total of \$235 million in fully franked dividends over the past 20 years.

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

	2020	2019
Loss per share	Cents	Cents
Basic loss per share	(0.87)	(0.07)
Diluted loss per share	(0.84)	(0.07)

Dividends – Euroz Limited

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

	2020	2019
	\$	\$
Interim ordinary dividend of 1.75 cents (2019: 1.75 cents) per fully paid ordinary share was paid on 21 February 2020.	2,838,449	2,817,314
Provision for final ordinary dividend for 30 June 2020 of 6 cents (2019: 5 cents) per fully paid ordinary share paid on 7 August 2020.	<u>9,751,095</u>	<u>8,049,469</u>
	<u>12,589,544</u>	<u>10,866,783</u>

Of the total dividends paid during the year, \$4,140 (2019: \$7,816) 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 discontinuance of fund management's operations of Flinders, Dalton and Equus as well as the acquisition of 1,940,740 treasury shares on-market and the vesting of 1,075,630 shares under the Performance Rights Plan.

Share options

There were no options on issue at 30 June 2020 and 30 June 2019.

Environmental regulation

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Events after reporting date

On 17 July 2020, Euroz and Hartleys entered into a binding bid implementation agreement whereby Euroz has agreed to make an off-market takeover offer to acquire 100% of the issued capital in Hartleys (Offers).

Under the Offers, holders of Hartleys shares will be entitled to receive 3.3033304 new Euroz shares (rounded up) for every Hartleys share accepted into the Offers. This equates to the issue of approximately 33 million Euroz shares as consideration for the acquisition of 100% Hartleys, with Hartleys shareholders to own up to approximately 17% of the combined group.

The transaction is expected to be completed by October 2020 with the integration of the two business to commence shortly thereafter.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The Directors are not aware of any other matter or circumstance subsequent to 30 June 2020 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			Particulars of Directors' interests in shares of Euroz Limited Ordinary shares*
Director	Experience	Special responsibilities and qualifications	
A McKenzie <i>Executive Chairman</i>	Mr McKenzie has worked in the stockbroking industry since 1991.	Executive Chairman of Euroz Limited and Euroz Securities Executive Director of Prodigy Investment Partners, FIP Management Services Pty Ltd, DSC Investment Management Pty Ltd and EPC Investment Pty Ltd 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	13,036,008
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 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	13,128,317

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Information on Directors			Particulars of Directors' interests in shares of Euroz Limited Ordinary shares*
Director	Experience	Special responsibilities and qualifications	
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	5,067,695
R Kane <i>Director</i>	Mr Kane has worked in the stockbroking industry since 1994.	Executive Director of Euroz Limited and Euroz Securities Member of Euroz Securities Underwriting Committee Institutional Dealer at Euroz Securities responsible for servicing both domestic institutions and high net worth clients Holds a Bachelor of Business from Edith Cowan University (ECU)	3,501,647
S Yeo <i>Director</i>	Mr Yeo has worked in the stockbroking industry since 1993	Executive Director of Euroz Limited and Euroz Securities Member of Euroz Limited Audit & Risk Committee 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 Holds a Bachelor of Commerce degree from UWA	4,921,463
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, Prodigy Investment Partners, FIP Management Services Pty Ltd, DSC Investment Management Pty Ltd and EPC Investment Pty Ltd 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	643,633
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 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	4,643,646

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Meetings of Directors

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2020 and the numbers of meetings attended by each Director were:

Director	Directors Meetings		Committee Meetings			
			Audit		Remuneration	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Andrew McKenzie	22	22	-	-	2	2
Jay Hughes	22	22	-	-	2	2
Greg Chessell	22	22	3	3	-	-
Russell Kane	22	20	-	-	-	-
Simon Yeo	22	22	3	3	-	-
Anthony Brittain	22	22	3	3	-	-
Robert Black	22	22	-	-	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.

	2016	2017	2018	2019	2020
	\$	\$	\$	\$	\$
Revenue (including gains on fair value movements in investment entities and discontinued operations)	41,924,867	70,372,892	92,087,944	47,548,618	70,908,770
Net profit / (loss) after tax attributable to members	3,560,417	19,371,167	31,263,812	(107,685)	(1,354,726)
Share price at year end	0.79	1.08	1.25	1.25	1.03
Dividends paid or recommended	6,438,992	11,671,730	17,708,832	10,866,783	12,589,544

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

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

The 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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Equity based payments (continued)

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 based payments. The shares issued will only vest to the employee after 3 years subsequent service following the initial year of service.

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.

2020	Short-term			Post-Employment	Share Based Payment	Total	Performance related
	Base salary	Profit Share/bonus	Other benefits	Superannuation	Performance Rights		
	\$	\$	\$	\$		\$	
Andrew McKenzie	246,092	337,500	23,569	25,000	133,438	765,599	62%
Jay Hughes	250,000	337,500	25,708	25,000	133,438	771,646	61%
Greg Chessell	253,997	210,000	19,384	21,003	65,000	569,384	48%
Russell Kane	253,997	187,500	19,557	21,004	95,000	577,058	49%
Simon Yeo	253,997	187,500	22,279	21,003	71,250	556,029	47%
Robert Black	250,000	337,500	18,508	25,000	114,063	745,071	61%
Anthony Brittain	250,000	157,500	20,491	25,000	50,313	503,304	41%
Dermot Woods	225,000	172,500	10,551	25,000	63,438	496,489	48%
Total	1,983,083	1,927,500	160,047	188,010	725,940	4,984,580	

Current Directors did not receive any Directors fees.

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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

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 2020 of \$275,000 (2019 - \$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 2020 of \$275,000 (2019 - \$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 2020 of \$275,000 (2019 - \$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 2020 of \$275,000 (2019 - \$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 2020 of \$275,000 (2019 - \$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 2020 of \$275,000 (2019 - \$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 2020 of \$275,000 (2019 - \$275,000) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

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 2020 of \$250,000 (2019 - \$250,000) plus bonus
- Payment on termination of employment by the employer, other than for gross misconduct – three months' salary

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

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:

2020	Balance at 1 July 2019	Received via PRP (i)	Net change other *	Bought & (sold)**	Balance at 30 June 2020
Ordinary shares					
A McKenzie	12,680,051	114,795	-	50,000	12,844,846
J Hughes	12,690,912	114,795	-	149,969	12,955,676
G Chessell	4,740,280	71,428	-	141,216	4,952,924
R Kane	3,353,006	63,775	-	84,866	3,501,647
S Yeo	4,609,197	63,775	-	120,000	4,792,972
R Black	4,275,630	114,795	-	187,643	4,578,068
A Brittain	590,062	53,571	-	-	643,633
D Woods	818,275	58,673	-	-	876,948
	43,757,413	655,607	-	733,694	45,146,714

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

* Net change reflects commencement or cessation as a KMP.

** Inclusive of shares allocated in Dividend Reinvestment Plan (DRP).

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

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:

2020	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)

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

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)

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 \$725,940 (2019: \$757,190).

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

**EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020**

DIRECTORS' REPORT (CONTINUED)

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	\$ <u>48,400</u>
-----------------------------------	---------------------

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2020 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 2020

**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 2020, 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.

This declaration is in respect of Euroz Limited and the entities it controlled during the financial year.



PKF PERTH



**SIMON FERMANIS
AUDIT PARTNER**

20 AUGUST 2020
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

PKF Perth is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

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

	Notes	2020 \$	2019 \$
Revenue from continuing operations	4	67,545,324	59,952,695
Gain / (Loss) on fair value movement on investments		1,587,010	(13,976,485)
Employee benefits expense		(27,444,866)	(23,126,714)
Depreciation and amortisation expenses		(1,331,240)	(340,598)
Regulatory expenses		(423,714)	(484,050)
Legal, professional and consultancy expenses		(859,283)	(443,995)
Conference and seminar expenses		(670,544)	(839,162)
Stockbroking expenses		(3,911,055)	(3,193,983)
Communication expenses		(266,796)	(223,449)
Impairment expenses		(3,130,000)	-
Carrying amount of principal trading securities sold		(21,036,260)	(13,107,836)
Other expenses		(4,066,366)	(4,701,295)
Profit / (Loss) before income tax expense from continuing operations	5	5,992,210	(484,872)
Income tax benefit	6	1,979,426	95,922
Profit / (Loss) after income tax expense for the year from continuing operations		7,971,636	(388,950)
Loss after income tax expense for the year from discontinued operations	7	(3,621,186)	(1,620,650)
Profit / (Loss) after income tax expense for the year		4,350,450	(2,009,600)
Other comprehensive income			
Other comprehensive income net of tax		-	-
Total comprehensive income / (loss) for the year		4,350,450	(2,009,600)
Profit / (Loss) the year is attributable to:			
Non-controlling interest		5,705,176	(1,901,915)
Owners of Euroz Limited		(1,354,726)	(107,685)
		4,350,450	(2,009,600)
Total comprehensive income / (loss) for the year is attributable to:			
Continuing operations		(220,563)	(20,898)
Discontinued operations		5,925,739	(1,881,017)
Non-controlling interest		5,705,176	(1,901,915)
Continuing operations		8,192,199	(368,052)
Discontinued operations		(9,546,925)	260,367
Owners of Euroz Limited		(1,354,726)	(107,685)
		4,350,450	(2,009,600)

EUROZ LIMITED**FOR THE YEAR ENDED 30 JUNE 2020****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

	Notes	2020 \$	2019 \$
Earnings / (loss) per share for profit / (loss) from continuing operations attributable to the owners of Euroz Limited			
Basic (loss) / earnings per share (cents)	35	5.26	(0.24)
Diluted (loss) / earnings per share (cents)	35	5.09	(0.23)
Earnings / (loss) per share for profit / (loss) from discontinued operations attributable to the owners of Euroz Limited			
Basic (loss) / earnings per share (cents)	35	(6.13)	0.17
Diluted (loss) / earnings per share (cents)	35	(5.93)	0.16
Earnings / (loss) per share for profit / (loss) attributable to the owners of Euroz Limited			
Basic loss per share (cents)	35	(0.87)	(0.07)
Diluted loss per share (cents)	35	(0.84)	(0.07)

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 30 JUNE 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	8	41,106,390	27,383,046
Trade and other receivables	9	2,368,924	1,934,887
Inventories	10	7,164,665	7,430,215
Other current assets	11	1,418,940	1,379,065
Current tax receivable	19	-	217,140
Total current assets		<u>52,058,919</u>	<u>38,344,353</u>
NON-CURRENT ASSETS			
Financial assets	12	5,216,699	5,000,000
Investments	13	599,790	13,136,978
Investment entities at fair value	14	56,998,090	58,016,264
Plant and equipment	15	472,987	715,152
Deferred tax assets	16	9,464,820	6,960,607
Intangible assets	17	9,798,785	10,178,785
Rights of use asset	21	4,556,400	-
Total non-current assets		<u>87,107,571</u>	<u>94,007,786</u>
TOTAL ASSETS		<u>139,166,490</u>	<u>132,352,139</u>
CURRENT LIABILITIES			
Trade and other payables	18	3,639,785	1,772,881
Current tax liabilities	19	2,548,489	-
Short term provisions	20	13,090,873	11,446,094
Lease liability	21	879,398	-
Total current liabilities		<u>20,158,545</u>	<u>13,218,975</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	22	946,875	1,313,068
Long term provisions	23	72,656	24,680
Lease liability	21	3,653,897	-
Total non-current liabilities		<u>4,673,428</u>	<u>1,337,748</u>
TOTAL LIABILITIES		<u>24,831,973</u>	<u>14,556,723</u>
NET ASSETS		<u>114,334,517</u>	<u>117,795,416</u>
EQUITY			
Issued capital	24 (a)	102,167,440	101,333,244
Reserves	24 (g)	4,869,667	3,846,281
Retained earnings		<u>7,267,597</u>	<u>18,503,754</u>
Equity attributable to the owners of Euroz Limited		114,304,704	123,683,279
Non-controlling interest		<u>29,813</u>	<u>(5,887,863)</u>
TOTAL EQUITY		<u>114,334,517</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 YEAR ENDED 30 JUNE 2020****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Issued Capital \$	Share Based Payment Reserve \$	Retained Earnings \$	Non- Controlling Interest \$	Total \$
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
Balance at 1 July 2019	101,333,244	3,846,281	18,503,754	(5,887,863)	117,795,416
Adjustment for change in accounting policy (Note 1)					
Balance 1 July 2019 - restated	-	-	(46,036)	-	(46,036)
	101,333,244	3,846,281	18,457,718	(5,887,863)	117,749,380
Loss for the period	-	-	(1,354,726)	5,705,176	4,350,450
Total comprehensive loss for the period	-	-	(1,354,726)	5,705,176	4,350,450
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	1,639,362	-	-	212,500	1,851,862
Reclassification of subsidiary share capital	-	-	2,749,999	-	2,749,999
Vested shares under employee share plan	902,234	(902,234)	-	-	-
Treasury shares	(1,707,400)	-	-	-	(1,707,400)
Share issue cost	-	-	-	-	-
Share based payments	-	1,925,620	-	-	1,925,620
Dividends to equity holders	-	-	(12,585,394)	-	(12,585,394)
Total contributions by and distributions to owners	834,196	1,023,386	(9,835,395)	212,500	(7,765,313)
Balance at 30 June 2020	102,167,440	4,869,667	7,267,597	29,813	114,334,517

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		46,627,655	44,555,436
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(37,160,919)</u>	<u>(37,920,386)</u>
		9,466,736	6,635,050
Interest received		265,238	572,511
Proceeds from sale of trading shares		6,505,285	16,092,302
Income taxes		195,551	(8,350,953)
Payments for trading shares		<u>(4,152,186)</u>	<u>(11,196,545)</u>
Net cash flows from operating activities	33	<u>12,280,624</u>	<u>3,752,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment in WIC & OZG		(164,750)	-
Payments for management investment schemes		(250,020)	(2,000,000)
Receipts from disposal of management investment schemes		11,452,043	2,876,534
Dividends and trust distributions received		2,975,099	2,934,506
Transfer to financial assets		(216,699)	-
Payments for plant and equipment		<u>(159,049)</u>	<u>(364,281)</u>
Net cash flows from investing activities		<u>13,636,624</u>	<u>3,446,759</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(10,883,769)	(17,701,016)
Payments for treasury shares		(1,707,400)	(1,494,731)
Repayment of lease liabilities		(1,076,592)	-
Interest paid on lease liabilities		(165,505)	-
Proceeds from share issue		1,639,362	-
Share issue cost		<u>-</u>	<u>(10,500)</u>
Net cash flows used in financing activities		<u>(12,193,904)</u>	<u>(19,206,247)</u>
Net increase / (decrease) in cash and cash equivalents		13,723,344	(12,007,123)
Cash and cash equivalents at 1 July		<u>27,383,046</u>	<u>39,390,169</u>
Cash and cash equivalents at 30 June	8	<u>41,106,390</u>	<u>27,383,046</u>

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

CONTENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	25
NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS.....	37
NOTE 3: SEGMENT INFORMATION.....	38
NOTE 4: REVENUE.....	41
NOTE 5: PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE FROM CONTINUING OPERATIONS.....	42
NOTE 6: INCOME TAX	42
NOTE 7: DISCONTINUED OPERATIONS	44
NOTE 8: CASH AND CASH EQUIVALENTS	45
NOTE 9: TRADE AND OTHER RECEIVABLES	45
NOTE 10: INVENTORIES	45
NOTE 11: OTHER CURRENT ASSETS	45
NOTE 12: FINANCIAL ASSETS	45
NOTE 13: INVESTMENTS.....	46
NOTE 14: INVESTMENT ENTITIES AT FAIR VALUE.....	46
NOTE 15: PLANT AND EQUIPMENT	46
NOTE 16: DEFERRED TAX ASSETS	47
NOTE 17: INTANGIBLE ASSETS.....	47
NOTE 18: TRADE AND OTHER PAYABLES.....	48
NOTE 19: CURRENT TAX ASSETS AND LIABILITIES	48
NOTE 20: SHORT TERM PROVISIONS	48
NOTE 21: RIGHTS OF USE ASSET AND LEASE LIABILITY	49
NOTE 22: DEFERRED TAX LIABILITIES.....	49
NOTE 23: LONG TERM PROVISIONS.....	50
NOTE 24: CONTRIBUTED EQUITY	50
NOTE 25: DIVIDENDS.....	51
NOTE 26: FINANCIAL INSTRUMENTS	52
NOTE 27: REMUNERATION OF AUDITORS	54
NOTE 28: CONTINGENT LIABILITIES	54
NOTE 29: COMMITMENTS FOR EXPENDITURE	54
NOTE 30: RELATED PARTIES	55
NOTE 31: INVESTMENTS IN CONTROLLED ENTITIES.....	56
NOTE 32: EVENTS SUBSEQUENT TO REPORTING DATE	57
NOTE 33: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	58
NOTE 34: NON-CASH INVESTING AND FINANCING ACTIVITIES	58
NOTE 35: (LOSS) / EARNINGS PER SHARE	58
NOTE 36: PARENT ENTITY DISCLOSURES.....	59
NOTE 37: COMPANY DETAILS	60

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS

NOTE 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 2020. 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 36 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 2020 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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations (continued)

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.

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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (continued)

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(v) financial assets at fair value through profit or loss.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(o) 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.

(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.

(p) 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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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.

(r) 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.

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.

(s) 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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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.

(u) 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.

(v) 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.

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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) 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.

(x) 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.

(y) 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.

(z) 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.

(aa) Discontinued operations

In March 2020, the Group have concluded a strategic review of the investment in Prodigy which has resulted in the decision to discontinue the operations of the three subsidiaries, as follows:

FIP Management Services Pty Ltd (Note 31)
DSC Investment Management Pty Ltd (Note 31)
EPC Investment Pty Ltd (Note 31)

The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Discontinued operations (continued)

Impact of discontinued operations

As required under AASB 5, the financial performance of the above subsidiaries have been reclassified in the Statement of Profit or Loss and Other Comprehensive Income as discontinued operations as follows:

	As reported in prior year 2019 \$	Reclassification	Reclassified balance 2019 \$
Revenue from continuing operations	61,525,103	(1,572,408)	59,952,695
Gain / (Loss) on fair value movement on investments	(13,976,485)	-	(13,976,485)
Employee benefits expense	(24,978,245)	1,851,531	(23,126,714)
Depreciation and amortisation expenses	(385,708)	45,110	(340,598)
Regulatory expenses	(496,958)	12,908	(484,050)
Legal, professional and consultancy expenses	(668,851)	224,856	(443,995)
Conference and seminar expenses	(932,955)	93,792	(839,162)
Stockbroking expenses	(4,159,110)	965,127	(3,193,983)
Communication expenses	(393,054)	169,606	(223,449)
Impairment expenses	-	-	-
Carrying amount of principal trading securities sold	(13,107,836)	-	(13,107,836)
Other expenses	(5,254,427)	553,132	(4,701,295)
Profit / (Loss) before income tax expense from continuing operations	(2,828,526)	2,343,654	(484,872)
Income tax benefit	818,926	(723,004)	95,922
Profit / (Loss) after income tax expense for the year from continuing operations	(2,009,600)	1,620,650	(388,950)
Profit/ (Loss) after income tax expense for the year from discontinued operations	-	(1,620,650)	(1,620,650)
Profit / (Loss) after income tax expense for the year	(2,009,600)	-	(2,009,600)
Other comprehensive income			
Other comprehensive income net of tax	-	-	-
Total comprehensive income / (loss) for the year	(2,009,600)	-	(2,009,600)
Profit / (Loss) the year is attributable to:			
Non-controlling interest	(1,901,915)	-	(1,901,915)
Owners of Euroz Limited	(107,685)	-	(107,685)
	(2,009,600)	-	(2,009,600)
Total comprehensive income / (loss) for the year is attributable to:			
Continuing operations	(1,901,915)	1,881,017	(20,898)
Discontinued operations	-	(1,881,017)	(1,881,017)
Non-controlling interest	(1,901,915)	-	(1,901,915)
Continuing operations	(107,685)	(260,367)	(368,052)
Discontinued operations	-	260,367	260,367
Owners of Euroz Limited	(107,685)	-	(107,685)
	(2,009,600)	-	(2,009,600)

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) 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.

(ac) 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.

(ad) 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.

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

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ad) New standards and interpretations (continued)

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)	(567,242)
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Right-of-use assets (AASB 16)	<u>5,563,853</u>
Lease liabilities - current (AASB 16)	(1,076,737)
Lease liabilities - non-current (AASB 16)	<u>(4,533,152)</u>
Reduction in opening retained profits as at 1 July 2019	<u>(46,036)</u>

New Accounting Standards and Interpretations not yet mandatory or early adopted

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.

AASB No.	Title	Application date of standard *	Issue date
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contributions of Assets between an Investor and its Associate or Joint Venture	1 January 2022	December 2014
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 2019-2	Amendments to Australian Accounting Standards – Implementation of AASB 1059	1 January 2020	September 2019
AASB 2019-3	Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform	1 January 2020	October 2019
AASB 2019-5	Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	1 January 2020	November 2019
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2022	March 2020
AASB 2020-2	Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit	1 July 2021	March 2020
AASB 2020-3	Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendment	1 January 2022	June 2020

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ad) New standards and interpretations (continued)

AASB No.	Title	Application date of standard *	Issue date
AASB 2020-4	Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions	1 June 2020	June 2020
AASB 17	Insurance Contracts	1 January 2021	July 2017
AASB 1059	Service Concession Arrangements: Grantors	1 January 2020	July 2017
AASB 1060	General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)	1 July 2021	March 2020

NOTE 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.

(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 2020, 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 2020 amounted to 9.66 %. 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 2020 amounted to 9.66 %. The Board have assessed that there is no indication the goodwill is impaired.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(v) *Intangible assets*

Upon acquisition of Entrust, Euroz acquired \$1,356,240 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 2020 amounted to 9.66 %. The Board have assessed that there is an impairment of \$380,000 on Client portfolio C.

(vi) *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(vii) *Coronavirus (COVID-19 pandemic)*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates.

NOTE 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 and international 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.

Wealth Management

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

Investments

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

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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SEGMENT INFORMATION (CONTINUED)

Segment performance

	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Wealth Management	Investment Income	Total
	\$	\$	\$	\$	\$	\$
2020						
Sales and other fees	34,128,828	17,957,327	4,094,441	9,065,151	-	65,245,747
Interest revenue	185,974	1,120	24,933	16,357	44,296	272,680
Other revenues	160,935	25,194	-	5,726	3,611,478	3,803,333
Total segment revenue	34,475,737	17,983,641	4,119,374	9,087,234	3,655,774	69,321,760
Segment net operating profit / (loss) after tax	5,796,529	(1,477,852)	9,262,456	1,830,264	(11,060,947)	4,350,450
Depreciation and amortisation	1,070,587	-	296,017	9,680	-	1,376,284
Gain/(Loss) on fair value of investments	-	3,951,099	-	-	(2,364,089)	1,587,010
Impairment expense	-	-	-	380,000	2,750,000	3,130,000
Segment assets	33,934,693	7,164,665	3,236,770	5,315,150	89,515,212	139,166,490
Fair value of investments	-	7,164,665	-	-	57,597,880	64,762,545
Segment liabilities	9,124,303	69,150	1,250,792	1,124,048	13,263,680	24,831,973

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SEGMENT INFORMATION (CONTINUED)

Segment performance (continued)

	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Wealth Management	Investment Income	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	20,938	86,694	574,319
Other revenues	159,169	49,860	-	3,985	2,885,775	3,098,789
Total segment revenue	<u>29,564,518</u>	<u>16,148,035</u>	<u>4,038,405</u>	<u>8,801,676</u>	<u>2,972,469</u>	<u>61,525,103</u>
Segment net operating profit / (loss) after tax	<u>4,074,625</u>	<u>1,940,445</u>	<u>(2,763,869)</u>	<u>2,249,613</u>	<u>(7,510,414)</u>	<u>(2,009,600)</u>
Depreciation and amortisation	303,069	-	73,535	9,104	-	385,708
Loss on fair value of investments	-	(3,899,611)	-	-	(10,076,874)	(13,976,485)
Segment assets	<u>29,470,073</u>	<u>7,430,215</u>	<u>5,485,763</u>	<u>5,275,809</u>	<u>84,690,279</u>	<u>132,352,139</u>
Fair value of investments	-	7,430,215	-	-	71,153,242	78,583,457
Segment liabilities	<u>3,406,613</u>	<u>83,359</u>	<u>851,012</u>	<u>904,311</u>	<u>9,311,428</u>	<u>14,556,723</u>

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 2020, approximately 7.49% (2019: 8.53%) of the consolidated group's external revenue was derived from management fees and dividends from Ozgrowth Limited and Westoz Investment Company Limited.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: REVENUE

	2020	2019
	\$	\$
Revenue from continuing operations	67,545,324	59,952,695
Revenue from discontinued operations	1,776,436	1,572,408
	<u>69,321,760</u>	<u>61,525,103</u>

Disaggregation of revenue

The disaggregation of revenue is as follows:

	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Wealth Management	Investment	Total
	\$	\$	\$	\$	\$	\$
30 June 2020:						
Brokerage	17,382,349	-	-	1,020,528	-	18,402,877
Underwriting and placement fees	11,526,967	-	-	365,460	-	11,892,427
Performance and management fees	4,443,210	-	4,094,441	-	-	8,537,651
Wealth management fees	-	-	-	7,679,163	-	7,679,163
Proceeds on sale of principal trading shares	-	17,957,326	-	-	-	17,957,326
Corporate retainers	776,302	-	-	-	-	776,302
Other income						
Interest received	185,974	1,120	24,933	16,357	44,296	272,680
Other revenue	160,935	133	-	5,726	461	167,255
Dividends and trust distributions received	-	25,062	-	-	3,611,017	3,636,079
	<u>34,475,737</u>	<u>17,983,641</u>	<u>4,119,374</u>	<u>9,087,234</u>	<u>3,655,774</u>	<u>69,321,760</u>
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	20,939	86,694	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
	<u>29,564,518</u>	<u>16,148,035</u>	<u>4,038,405</u>	<u>8,801,676</u>	<u>2,972,469</u>	<u>61,525,103</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

	2020	2019
	\$	\$
Profit / (loss) before income tax is determined after accounting for the following specific expenses:		
Plant and equipment – depreciation	242,655	228,581
Leasehold improvements – amortisation	126,176	157,127
Rights of use asset – amortisation	1,007,453	-
Less depreciation and amortisation from discontinued operations	<u>(45,044)</u>	<u>(45,110)</u>
	<u>1,331,240</u>	<u>340,598</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	165,505	-
<i>Leases</i>		
Total rental expense relating to operating leases	-	1,813,452
Variable lease payment	34,249	-
Short term lease payments	770	-
Low value assets lease payments	-	-
Superannuation expense	1,058,927	1,180,700
Share based payments – PRP	1,900,220	1,682,575
<i>Impairment expenses</i>		
Impairment – investment	2,750,000	-
Impairment – intangible asset	380,000	-

NOTE 6: INCOME TAX

The components of tax benefit / expense comprise:

Current tax	2,570,078	3,663,983
Other (i)	-	(605,427)
Deferred tax	<u>(2,870,406)</u>	<u>(3,877,482)</u>
	<u>(300,328)</u>	<u>(818,926)</u>
Income tax benefit / expense is attributable to:		
Expense / (benefit) from continuing operations	(1,979,426)	(95,922)
Expense / (benefit) from discontinued operations	<u>1,679,098</u>	<u>(723,004)</u>
	<u>(300,328)</u>	<u>(818,926)</u>

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

Profit / (loss) before income tax expense from continuing operations	5,992,210	(484,872)
Profit / (loss) before income tax expense from discontinued operations	<u>(1,942,088)</u>	<u>(2,343,654)</u>
	<u>4,050,122</u>	<u>(2,828,526)</u>
Income tax using company's tax rate of 30% (2019: 30%)	1,215,037	(848,558)
Add tax effect of:		
- deferred tax not recognised on temporary differences	(246,127)	344,557
- other non-allowable items	<u>82,333</u>	<u>1,187,664</u>
	<u>1,051,243</u>	<u>683,663</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: INCOME TAX (CONTINUED)

	2020	2019
	\$	\$
Less tax effect of:		
- franked dividends received	<u>1,351,571</u>	<u>1,502,589</u>
Income tax benefit attributable to entity	<u>(300,328)</u>	<u>(818,926)</u>

- (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.

Reconciliations

i. Gross movements

The overall movement in the deferred tax account is as follows:

Balance at 1 July	5,647,539	1,770,057
Recognised in statement of profit or loss	<u>2,870,406</u>	<u>3,877,482</u>
Balance at 30 June	<u>8,517,945</u>	<u>5,647,539</u>

ii. Deferred tax liability

Movement in temporary differences during the year:

Fair value gain adjustments

Balance at 1 July	446,308	2,073,457
Recognised in the statement of profit or loss	<u>(411,096)</u>	<u>(1,627,149)</u>
Balance at 30 June	<u>35,212</u>	<u>446,308</u>

Other

Balance at 1 July	866,760	584,144
Recognised in the statement of profit or loss	<u>44,903</u>	<u>282,616</u>
Balance at 30 June	<u>911,663</u>	<u>866,760</u>
	<u>946,875</u>	<u>1,313,068</u>

iii. Deferred tax assets

Movement in temporary difference during the year:

Fair value gain adjustments

Balance at 1 July	3,150,224	243,156
Recognised in the statement of profit or loss	<u>(857,532)</u>	<u>2,907,068</u>
Balance at 30 June	<u>2,292,692</u>	<u>3,150,224</u>

Provisions

Balance at 1 July	2,617,564	1,123,263
Recognised in the statement of profit or loss	<u>(1,528,846)</u>	<u>1,494,301</u>
Balance at 30 June	<u>1,088,718</u>	<u>2,617,564</u>

Other

Balance at 1 July	1,192,819	3,061,239
Recognised in the statement of profit or loss	<u>4,890,591</u>	<u>(1,868,420)</u>
Balance at 30 June	<u>6,083,410</u>	<u>1,192,819</u>
	<u>9,464,820</u>	<u>6,960,607</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: INCOME TAX (CONTINUED)

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.

NOTE 7: DISCONTINUED OPERATIONS

In March 2020, the Group have concluded a strategic review of the investment in Prodigy which has resulted in the decision to discontinue the operations of the three subsidiaries, as follows:

FIP Management Services Pty Ltd (Note 31)
DSC Investment Management Pty Ltd (Note 31)
EPC Investment Pty Ltd (Note 31)

The results of the subsidiaries operations for the year are presented below:

Financial performance information

	2020	2019
	\$	\$
Revenue	1,776,436	1,572,408
Employee benefits expense	(2,023,635)	(1,851,531)
Depreciation and amortisation expenses	(45,044)	(45,110)
Regulatory expenses	(20,481)	(12,908)
Legal, professional and consultancy expenses	(101,101)	(224,856)
Conference and seminar expenses	(36,689)	(93,792)
Stockbroking & Portfolio management expenses	(1,138,152)	(965,127)
Communication expenses	(107,776)	(169,606)
Other expenses from ordinary activities	(245,646)	(553,132)
Loss before income tax	<u>(1,942,088)</u>	<u>(2,343,654)</u>
Income tax benefit / (expense)	(1,679,098)	723,004
Loss after income tax expense from discontinued operations	<u>(3,621,186)</u>	<u>(1,620,650)</u>
Assets		
Cash	6	34,403
Other current assets	-	218,857
Plant and equipment	-	72,094
Deferred tax asset	-	1,679,383
	<u>6</u>	<u>2,004,737</u>
Liabilities		
Trade and other payables	-	417,525
Short term provisions	-	200,348
Deferred tax liability	-	283
Other non-current liabilities	-	11,262,805
	<u>-</u>	<u>11,880,961</u>
Net assets (liabilities) directly associated to the subsidiaries classified as discontinued	<u>6</u>	<u>(9,876,224)</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7: DISCONTINUED OPERATIONS (CONTINUED)

	2020	2019
	\$	\$
<i>Cash flow information</i>		
Net cash from / (used in) operating activities	1,126,637	(1,245,879)
Net cash used in investing activities	(1,100)	(12,583)
Net cash from / (used in) investing activities	<u>(1,159,934)</u>	<u>1,238,667</u>
Net decrease in cash and cash equivalents from discontinued operations	<u>(34,397)</u>	<u>(19,795)</u>

NOTE 8: CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank and on hand	<u>41,106,390</u>	<u>27,383,046</u>

NOTE 9: TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
Trade receivables	<u>2,368,924</u>	<u>1,934,887</u>

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.

NOTE 10: INVENTORIES

	2020	2019
	\$	\$
Securities in unlisted companies (at cost) (i)	345,733	785,965
Trading securities in listed companies (at cost) (i)	4,586,992	8,363,410
Fair value adjustments (ii)	<u>2,231,940</u>	<u>(1,719,160)</u>
Total	<u>7,164,665</u>	<u>7,430,215</u>

- (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.

NOTE 11: OTHER CURRENT ASSETS

	2020	2019
	\$	\$
Prepayments	1,043,453	1,004,599
Accrued income	<u>375,487</u>	<u>374,466</u>
Total	<u>1,418,940</u>	<u>1,379,065</u>

NOTE 12: FINANCIAL ASSETS

	2020	2019
	\$	\$
Security deposit	5,000,000	5,000,000
Financial guarantee – term deposit	<u>216,699</u>	<u>-</u>
	<u>5,216,699</u>	<u>5,000,000</u>

Security deposit is held by Pershing Securities (Australia) Pty Ltd (clearing participant on behalf of Euroz Securities Limited).

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13: INVESTMENTS

	2020	2019
	\$	\$
Cost of investment in managed investment schemes	500,040	11,856,063
Fair value adjustments (i)	<u>99,750</u>	<u>1,280,915</u>
Total	<u>599,790</u>	<u>13,136,978</u>

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

NOTE 14: INVESTMENT ENTITIES AT FAIR VALUE

	2020	2019
	\$	\$
Listed ordinary shares in investment entities at fair value through profit or loss	<u>56,998,090</u>	<u>58,016,264</u>
<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	58,016,264	67,586,696
Additions	164,750	-
Revaluation increments / (decrements)	<u>(1,182,924)</u>	<u>(9,570,432)</u>
Closing fair value	<u>56,998,090</u>	<u>58,016,264</u>

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.

NOTE 15: PLANT AND EQUIPMENT

	2020	2019
	\$	\$
Leasehold improvements		
At cost	413,396	679,101
Less: Accumulated amortisation	<u>(321,264)</u>	<u>(430,938)</u>
	<u>92,132</u>	<u>248,163</u>
Software		
At cost	283,238	276,548
Less: Accumulated depreciation	<u>(212,301)</u>	<u>(136,324)</u>
	<u>70,937</u>	<u>140,224</u>
Office equipment		
At cost	697,265	586,881
Less: Accumulated depreciation	<u>(469,005)</u>	<u>(344,747)</u>
	<u>228,260</u>	<u>242,134</u>
Furniture, fixtures and fittings		
At cost	105,437	107,433
Less: Accumulated depreciation	<u>(23,779)</u>	<u>(22,802)</u>
	<u>81,658</u>	<u>84,631</u>
	<u>472,987</u>	<u>715,152</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15: PLANT AND EQUIPMENT (CONTINUED)

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
	\$	\$	\$
2020			
Carrying amount at 1 July 2019	248,163	466,989	715,152
Additions	-	159,049	159,049
Disposal	(29,855)	(2,528)	(32,383)
Depreciation / amortisation expense	<u>(126,176)</u>	<u>(242,655)</u>	<u>(368,831)</u>
Carrying amount at 30 June 2020	<u>92,132</u>	<u>380,855</u>	<u>472,987</u>
2019			
Carrying amount at 1 July 2018	266,804	469,775	736,579
Additions	138,486	225,795	364,281
Depreciation / amortisation expense	<u>(157,127)</u>	<u>(228,581)</u>	<u>(385,708)</u>
Carrying amount at 30 June 2019	<u>248,163</u>	<u>466,989</u>	<u>715,152</u>

NOTE 16: DEFERRED TAX ASSETS

	2020	2019
	\$	\$
Deferred tax asset (Note 6)	<u>9,464,820</u>	<u>6,960,607</u>

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

NOTE 17: INTANGIBLE ASSETS

	2020	2019
	\$	\$
Goodwill (refer (a) below)	8,442,545	8,442,545
Other intangible assets (refer (b) below)	<u>1,356,240</u>	<u>1,736,240</u>
	<u>9,798,785</u>	<u>10,178,785</u>
(a) Split of goodwill:		
	2020	2019
	\$	\$
Goodwill on acquisition of Blackswan	2,803,345	2,803,345
Goodwill on acquisition of Entrust	<u>5,639,200</u>	<u>5,639,200</u>
	<u>8,442,545</u>	<u>8,442,545</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 17: INTANGIBLE ASSETS (CONTINUED)

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 2020, 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.

	2020 \$	2019 \$
(b) Other intangible assets	<u>1,356,240</u>	<u>1,736,240</u>
Split of other intangible assets:		
	\$	\$
Client portfolio A	500,000	500,000
Client portfolio B	80,000	80,000
Client portfolio C (i)	<u>776,240</u>	<u>1,156,240</u>
	<u>1,356,240</u>	<u>1,736,240</u>

(i) The carrying value of all 3 assets was assessed at reporting date for impairment and an impairment of \$380,000 was noted for Client portfolio C. Note 2(v) contains further information on this impairment assessment.

NOTE 18: TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
Other payables and accruals	<u>3,639,785</u>	<u>1,772,881</u>

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.

NOTE 19: CURRENT TAX ASSETS AND LIABILITIES

	2020 \$	2019 \$
Tax receivable	-	217,140
Provision for taxation	2,548,489	-

NOTE 20: SHORT TERM PROVISIONS

	2020 \$	2019 \$
Dividends	9,751,095	8,049,469
Employee benefits (annual leave)	1,483,615	1,476,971
Employee benefits (long service leave)	<u>1,856,163</u>	<u>1,919,654</u>
Total	<u>13,090,873</u>	<u>11,446,094</u>

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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 20: SHORT TERM PROVISIONS (CONTINUED)

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

	2020	2019
	\$	\$
Carrying amount at 1 July	8,049,469	14,891,518
Additional provisions recognised	12,589,545	10,866,783
Amounts paid out	<u>(10,887,919)</u>	<u>(17,708,832)</u>
Carrying amount at 30 June	<u>9,751,095</u>	<u>8,049,469</u>

NOTE 21: RIGHTS OF USE ASSET AND LEASE LIABILITY

	2020	2019
	\$	\$
Leased building	5,974,870	-
Accumulated amortisation	<u>(1,418,470)</u>	<u>-</u>
Rights of use asset	<u>4,556,400</u>	<u>-</u>
Lease liability – current	<u>879,398</u>	<u>-</u>
Lease liability – non current	<u>3,653,897</u>	<u>-</u>

Reconciliation of right of use asset:

	2020	2019
	\$	\$
Balance as at 1 July	-	-
Adoption of AASB 16	5,563,853	-
Disposals	-	-
Amortisation expense	<u>(1,007,453)</u>	<u>-</u>
Balance as at 30 June	<u>4,556,400</u>	<u>-</u>

The above rights of use asset and lease liability relates to:

- 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.

NOTE 22: DEFERRED TAX LIABILITIES

	2020	2019
	\$	\$
Deferred tax liability (Note 6)	<u>946,875</u>	<u>1,313,068</u>

EUROZ LIMITED**FOR THE YEAR ENDED 30 JUNE 2020****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 23: LONG TERM PROVISIONS**

	2020	2019
	\$	\$
Employee benefits (long service leave)	<u>72,656</u>	<u>24,680</u>

NOTE 24: CONTRIBUTED EQUITY

(a) Share capital	2020	2019	2020	2019
Ordinary shares	Shares	Shares	\$	\$
Issued and paid up capital - consisting of ordinary shares (net of Treasury shares)	<u>154,147,541</u>	<u>155,012,651</u>	<u>102,167,440</u>	<u>101,333,244</u>
(b) Movements in ordinary share capital			2020	2019
			Shares	Shares
At the beginning of the reporting period			155,012,651	155,879,961
Acquisition of Treasury shares			(1,940,740)	(1,265,500)
Vested shares under Performance Rights Plan			<u>1,075,630</u>	<u>398,190</u>
At the end of the year			<u>154,147,541</u>	<u>155,012,651</u>
(c) Movements in ordinary share capital			2020	2019
			\$	\$
At the beginning of the reporting period			101,333,244	102,343,793
Shares issued during the period			1,639,362	-
Acquisition of Treasury shares			(1,707,400)	(1,494,734)
Vested shares under Performance Rights Plan			902,234	494,685
Share issue cost			<u>-</u>	<u>(10,500)</u>
At the end of the year			<u>102,167,440</u>	<u>101,333,244</u>
(d) Treasury shares	2020	2019	2020	2019
	Shares	Shares	\$	\$
Balance of Treasury shares at the end of the reporting period	<u>(6,841,841)</u>	<u>(5,976,731)</u>	<u>7,137,510</u>	<u>6,328,138</u>

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 2020 (30 June 2019: Nil).

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 24: CONTRIBUTED EQUITY (CONTINUED)

(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 \$1,925,620 (2019: \$1,694,192) 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.

	2020 \$	2019 \$
Balance on share based payment reserve at 1 July	3,846,281	2,646,774
Recognised during the year	1,925,620	1,694,192
Vested shares under Performance Rights Plan	<u>(902,234)</u>	<u>(494,685)</u>
Balance on share based payments reserve at 30 June	<u>4,869,667</u>	<u>3,846,281</u>

(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 throughout the year.

NOTE 25: DIVIDENDS

	2020 \$	2019 \$
Ordinary shares		
Interim dividend for the half year ended 31 December 2019 of 1.75 cents (2019 – 1.75 cents) per fully paid ordinary share paid on 21 February 2020 Fully franked based on tax paid @ 30%	2,838,449	2,817,314
Final dividend declared and provided for at 30 June 2020 of 6 cents (2019 – 5 cents) per fully paid ordinary share paid on 7 August 2020. Fully franked based on tax paid @ 30%	<u>9,751,095</u>	<u>8,049,469</u>
Total dividends provided for or paid	<u>12,589,544</u>	<u>10,866,783</u>

Of the total dividends paid during the year, \$4,140 (2019: \$7,816) was paid to the Euroz Share Trust and is undistributed. Therefore, it has been eliminated on consolidation.

Franked dividends

The franked portions of the dividends recommended after 30 June 2020 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 2020.

	2020 \$	2019 \$
Franking credits available for subsequent financial years based on a tax rate of 30% (2019: 30%)	<u>12,258,670</u>	<u>16,473,643</u>

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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 26: 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:

	2020	2019
	\$	\$
Less than 1 month	3,639,785	1,772,881

(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 2020.

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.

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

	Carrying Amount	
	2020	2019
	\$	\$
Cash and cash equivalents	41,106,390	27,383,046
Receivables	2,368,924	1,934,887
Long term deposit	5,216,699	5,000,000
	<u>48,692,013</u>	<u>34,317,933</u>

Impairment losses

None of the consolidated group's receivables are past due date (2019: Nil).

EUROZ LIMITED**FOR THE YEAR ENDED 30 JUNE 2020****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 26: FINANCIAL INSTRUMENTS (CONTINUED)****(iv) Financial instruments composition and maturity analysis**

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing	
	2020 %	2019 %	2020 \$	2019 \$	2020 \$	2019 \$
FINANCIAL ASSETS						
Cash and cash equivalents	0.57	1.39	41,106,390	27,383,046	-	-
Trade and other receivables			-	-	2,368,924	1,934,887
Financial assets held for trading			-	-	7,164,665	7,430,215
Financial assets at fair value through profit and loss			-	-	56,998,090	58,016,264
Other investments			-	-	599,790	13,136,978
Long term deposit	0.08	0.75	5,216,699	5,000,000	-	-
Total financial assets			<u>46,323,089</u>	<u>32,383,046</u>	<u>67,131,469</u>	<u>80,518,344</u>
FINANCIAL LIABILITIES						
Trade and other payables			-	-	3,639,785	1,772,881
Lease liability	3.5		4,533,295	-	-	-
			<u>4,533,295</u>	<u>-</u>	<u>3,639,785</u>	<u>1,772,881</u>

(v) Fair value hierarchy

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).

2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Investments and Inventories	63,653,255	1,109,290	-	64,762,545
Total Assets	<u>63,653,255</u>	<u>1,109,290</u>	<u>-</u>	<u>64,762,545</u>
2019				
Assets				
Investments and Inventories	77,611,380	972,077	-	78,583,457
Total Assets	<u>77,611,380</u>	<u>972,077</u>	<u>-</u>	<u>78,583,457</u>

(vi) 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:

	2020 \$	2019 \$
Increase by 1%	324,262	226,681
Decrease by 1%	(324,262)	(226,681)

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 26: FINANCIAL INSTRUMENTS (CONTINUED)

(vi) **Sensitivity analysis (continued)**

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:

	2020	2019
	\$	\$
Increase by 5%	2,266,689	2,750,421
Decrease by 5%	(2,266,689)	(2,750,421)

NOTE 27: REMUNERATION OF AUDITORS

	2020	2019
	\$	\$
Audit services		
Audit and review of financial reports for the Group		
Fees paid to PKF Perth firm	<u>187,500</u>	<u>173,000</u>
Other services		
Tax compliance services	41,700	32,105
Other services	<u>6,700</u>	<u>8,580</u>
	<u>48,400</u>	<u>40,685</u>

NOTE 28: CONTINGENT LIABILITIES

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

	2020	2019
	\$	\$
Secured guarantees in respect of:		
Operating lease of a controlled group entity	<u>1,013,514</u>	<u>1,013,514</u>

As detailed in note 12 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 (2019: \$5,000,000).

The Group has no contingent assets at reporting date (2019: Nil).

NOTE 29: COMMITMENTS FOR EXPENDITURE

	2020	2019
	\$	\$
Operating leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	1,196,175
Later than one year but not later than five years	-	4,934,920
Later than five years	<u>-</u>	<u>-</u>
Commitments not recognised in the financial statements	<u>-</u>	<u>6,131,095</u>

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.

The lease commitment has been included as part of lease liabilities for the year ended 30 June 2020. Refer to note 21.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 30: RELATED PARTIES

(a) Key Management Personnel compensation

	2020	2019
	\$	\$
Short-term employee benefits	4,070,630	3,869,615
Post-employment benefits	188,010	196,281
Share based payments	<u>725,940</u>	<u>757,190</u>
Total compensation	<u>4,984,580</u>	<u>4,823,086</u>

(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 81 employees (2019: 86 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 31.

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

	2020	2019
	\$	\$
Transactions with related parties consisting of:		
(i) Subsidiaries		
- Loans advanced by Euroz Limited to subsidiaries	3,351,937	17,714,442
- Payments of dividends to Euroz Limited by subsidiaries	7,575,000	8,850,000
- Management fees charged by Euroz Securities Limited to subsidiaries	1,761,454	1,599,705
- Management fees charged by Prodigy Investment Partners Limited to subsidiaries	2,174,607	1,514,379
- Impairment of intercompany loan by Euroz Limited to subsidiaries	15,696,648	-
- Impairment of intercompany loan by Prodigy Investment Partners Limited to subsidiaries	15,641,791	-
(ii) Other		
- Dividends received by Euroz Limited from investment entities	2,912,157	2,836,800
- Management fee received by the Euroz Group from investment entities	3,304,512	3,898,806
- Performance fee received by the Euroz Group from investment entities	734,849	83,668

Ownership interests in related parties

Interests held in controlled entities are set out in note 31.

Other transactions with Directors and specified Executives

During the year ended 30 June 2020 the Directors and KMP transacted share business through Euroz Securities Limited on normal terms and conditions.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 30: RELATED PARTIES (CONTINUED)

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

	2020 \$	2019 \$
Amounts recognised as revenue		
Brokerage earned on Key Management Personnel accounts	33,602	29,504

NOTE 31: INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity holding		Cost of parent entity's investment	
			2020 %	2019 %	2020 \$	2019 \$
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	26.25	27.30	-	-
Prodigy Investment Partners Limited	Australia	Ordinary	80	80	-	1,900,000
FIP Management Services Pty Ltd (formerly Flinders Investment Partners Pty Ltd) (ii)	Australia	Ordinary	50	50	2	2
DSC Investment Management Pty Ltd (formerly Dalton Street Capital Pty Ltd) (ii)	Australia	Ordinary	50	50	2	2
EPC Investment Management Pty Ltd (formerly Equus Point Capital Pty Ltd) (ii)	Australia	Ordinary	50	50	2	2
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	100	1	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) 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.
- (h) 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. In March 2020, the Company announced the closure of Prodigy operations, including the partnership with the three separate boutiques.

EUROZ LIMITED

FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 31: INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

- (i) FIP Management Services Pty Ltd (formerly 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. In March 2020, the Company announced the closure of Prodigy operations, including the partnership with Flinders Investment Partners boutique fund.
- (j) DSC Investment Management Pty Ltd (formerly 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. In March 2020, the Company announced the closure of Prodigy operations, including the partnership with Dalton Street Capital Pty Ltd boutique fund.
- (k) EPC Investment Management Pty Ltd (formerly 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. In March 2020, the Company announced the closure of Prodigy operations, including the partnership with Equus Point Capital Pty Ltd boutique fund.

NOTE 32: EVENTS SUBSEQUENT TO REPORTING DATE

On 17 July 2020, Euroz and Hartleys entered into a binding bid implementation agreement whereby Euroz has agreed to make an off-market takeover offer to acquire 100% of the issued capital in Hartleys.

Under the agreement, holders of Hartleys shares will be entitled to receive 3.3033304 new Euroz shares (rounded up) for every Hartleys share accepted into the offer. This equates to the issue of approximately 33 million Euroz shares as consideration for the acquisition of 100% Hartleys, with Hartleys shareholders to own up to approximately 17% of the combined group.

The transaction is expected to be completed by October 2020 with the integration of the two business to commence shortly thereafter.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, the Directors are not aware of any matter or circumstance subsequent to 30 June 2020 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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 33: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2020	2019
	\$	\$
Profit / (Loss) for the year	4,350,450	(2,009,600)
Adjustments for:		
Depreciation and amortisation	1,376,284	385,708
Impairment expenses	3,130,000	-
Share based payments	2,138,120	1,694,192
Unrealised loss / (gain) arising from investing activity investments	2,364,089	10,076,872
Loss on disposal of property, plant and equipment	32,381	-
Loss on sale of investment in managed investment schemes	790,380	-
Interest paid on lease liabilities	165,505	-
Distributions received from investing activity investments	(2,975,099)	(2,934,506)
Distributions received in lieu of units	(636,379)	-
Changes in assets and liabilities		
Decrease / (increase) in trade and other receivables	(434,038)	246,174
Decrease / (increase) in other current assets	(39,875)	2,724,170
Decrease / (increase) in inventories	265,550	5,424,872
Decrease / (increase) in deferred tax assets	(2,504,213)	(2,532,949)
Increase / (decrease) in trade and other payables	1,866,904	(2,864,370)
Increase / (decrease) in current tax liabilities	2,765,628	(5,292,397)
Increase / (decrease) in deferred tax liabilities	(366,193)	(1,344,533)
Increase / (decrease) in provisions (excluding dividends)	(8,870)	178,732
Net cash from operating activities	<u>12,280,624</u>	<u>3,752,365</u>

NOTE 34: NON-CASH INVESTING AND FINANCING ACTIVITIES

	2020	2019
	\$	\$
Share issued under employee share plan	1,925,620	1,694,192
Addition to the right-of-use assets	5,563,853	-
Conversion of debt to equity	212,500	-
	<u>7,701,973</u>	<u>1,694,192</u>

NOTE 35: (LOSS) / EARNINGS PER SHARE

	2020	2019
	Cents	Cents
Earnings / (loss) per share for profit / (loss) from continuing operations attributable to the owners of Euroz Limited		
Basic (loss) / earnings per share (cents)	5.26	(0.24)
Diluted (loss) / earnings per share (cents)	5.09	(0.23)
Earnings / (loss) per share for profit / (loss) from discontinued operations attributable to the owners of Euroz Limited		
Basic (loss) / earnings per share (cents)	(6.13)	0.17
Diluted (loss) / earnings per share (cents)	(5.93)	0.16
Earnings / (loss) per share for profit / (loss) attributable to the owners of Euroz Limited		
Basic loss per share (cents)	(0.87)	(0.07)
Diluted loss per share (cents)	(0.84)	(0.07)

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 35: (LOSS) / EARNINGS PER SHARE (CONTINUED)

	2020	2019
	Number	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.	<u>155,685,590</u>	<u>155,865,028</u>
Weighted average number of ordinary shares and potential ordinary shares (including treasury shares) used as the denominator in calculating diluted loss / earnings per share.	<u>160,989,382</u>	<u>160,989,382</u>

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.

NOTE 36: PARENT ENTITY DISCLOSURES

	2020	2019
	\$	\$
<i>Financial position</i>		
Assets		
Current assets	23,853,677	24,771,887
Non-current assets	<u>100,172,204</u>	<u>110,928,938</u>
Total assets	<u>124,025,881</u>	<u>135,700,825</u>
Liabilities		
Current liabilities	12,507,794	8,049,827
Non-current liabilities	<u>940,930</u>	<u>1,261,600</u>
Total liabilities	<u>13,448,724</u>	<u>9,311,427</u>
Equity		
Issued capital	102,083,528	101,387,434
Retained earnings	3,686,355	21,213,709
Reserves		
Share based payment reserve	<u>4,807,274</u>	<u>3,788,255</u>
Total equity	<u>110,577,157</u>	<u>126,389,398</u>
<i>Financial performance</i>		
Profit for the year	<u>(4,788,391)</u>	<u>3,508,376</u>
Total comprehensive income	<u>(4,788,391)</u>	<u>3,508,376</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

**EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 36: PARENT ENTITY DISCLOSURES (CONTINUED)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

NOTE 37: 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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2020
DIRECTORS' DECLARATION

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 2020 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 Executive Chairman 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 2020

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 2020, 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 2020 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We 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 auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matter

A key audit matter 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 audit 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

PKF Perth is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Carrying Value and Impairment of Intangible Assets

Why significant

At reporting date, the consolidated entity has capitalised intangible assets including goodwill totalling \$9,798,785 as disclosed in Note 17.

The consolidated entity's accounting policy in respect of intangibles is outlined in Notes 1 (y) and (z). As disclosed intangibles including goodwill 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) and 2(v), 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 applying an appropriate 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

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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 we do not express 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 and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

How our audit addressed the key audit matter

In assessing this key audit matter, our audit procedures included;

- 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.

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 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 the 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 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. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Euroz Limited for the year ended 30 June 2020 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.



PKF PERTH



SIMON FERMANIS
AUDIT PARTNER

20 AUGUST 2020
WEST PERTH
WESTERN AUSTRALIA