Evans Dixon Limited

ACN 609 913 457

Financial report
for the half-year ended 31 December 2017

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Introduction
The directors of Evans Dixon Limited (the "Company") submit herewith the financial report of the consolidated entity comprising the Company and its controlled entities (herein referred to as the "Group") for the half-year ended 31 December 2017.

Directors
The names of the directors of Evans Dixon Limited during or since the end of the half-year are:

David Evans (Executive Chairman)
Patrick Broughton (Deputy Chairman)
Christopher Brown
Parrish Davis
Alan Dixon
Paul Ryan

Review and results of operations
The consolidated profit of the Group after providing for income tax for the half-year ended 31 December 2017 was $13,602,430 (2016: $10,636,783).

Comparatives for the half-year ended 31 December 2016 do not contain any contribution from Evans and Partners Pty Limited (and subsidiaries), which joined the Group on 1 February 2017.

Dividends
Fully franked dividends of $3,135,517 (2016: nil) were paid to shareholders during the period as follows:

- 2 cents per share paid on 17 November 2017 amounting to $3,135,517.

Matters subsequent to reporting period

In February 2018, upon execution of their new service agreements with the Group, integration bonuses totalling $5,132,075 each were paid to the Executive Chairman and CEO of the Group in recognition of their efforts in facilitating the 2017 merger between Evans and Partners and the remaining Dixon group. In order to provide further intellectual asset protection to the Group, separate extended post-employment non-competition restraint agreements were entered into by the Executive Chairman and CEO, in respect of which payments of $5,000,000 each were made. On 22 February 2018, the Executive Chairman and CEO each subscribed for 2,000,000 shares in the Company for consideration of $2,720,000 each.

On 23 February 2018, the Company was converted to an Australian public company and as such the name of the Company changed from Evans Dixon Pty Limited to Evans Dixon Limited.

No other matters or circumstances have arisen since 31 December 2017 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

This directors' report is signed in accordance with a resolution of directors.

On behalf of the Directors,

Director: ....
David Evans

Director: ....
Alan Dixon

Dated: 23 March 2018

Evans Dixon Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the half year ended 31 December 2017

	Note	Half year ended 31 December 2017 $	Half year ended 31 December 2016 $
Revenue			
Provision of services	3	141,385,691	93,236,636
Interest received		134,403	151,889
Share of profits of associates and jointly controlled entities		4,367,318	611,596
Other income		2,059,899	1,248,909
Total revenue		147,947,311	95,249,030
Expenses			
Property design, renovation and maintenance expense		(29,821,080)	(23,521,872)
Employee benefits expense		(65,280,899)	(33,193,809)
Administrative expense		(6,243,623)	(4,755,431)
Occupancy expense		(4,594,970)	(2,990,118)
Advertising expense		(1,634,587)	(1,697,131)
Depreciation and amortisation expense		(2,889,426)	(1,638,590)
Information technology expense		(4,297,726)	(1,326,626)
Travel and accommodation expense		(1,030,127)	(610,440)
Finance costs		(1,717,148)	(1,932,150)
Other expenses		(12,659,335)	(7,221,802)
Total expenses		(130,168,921)	(78,887,969)
Profit before income tax expense		17,778,390	16,361,061
Income tax expense	4	(4,175,960)	(5,724,278)
Profit for the period		13,602,430	10,636,783
Other comprehensive income / (loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(163,330)	92,547
Effective portion of changes in fair value of cash flow hedge		142,493	529,753
Other comprehensive (loss) / income for the period, net of income tax		(20,837)	622,300
Total comprehensive income for the period		13,581,593	11,259,083
Earnings per share			
Basic (cents per share)	5	8.6	10.5
Diluted (cents per share)		8.6	10.5

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

Evans Dixon Limited
Condensed consolidated statement of financial position
As at 31 December 2017

	Note	31 December 2017 $	30 June 2017 $
Assets			
Current assets			
Cash and cash equivalents		33,777,453	33,543,081
Trade and other receivables		17,473,833	19,962,549
Inventories		210,863	177,704
Prepayments		2,686,054	1,691,806
Current tax assets		4,376,630	-
Total current assets		58,524,833	55,375,140
Non-current assets			
Investments accounted for using the equity method		5,562,031	5,798,507
Financial assets		897,551	882,983
Trade and other non-current receivables		333,333	-
Property, plant and equipment		17,068,070	17,152,442
Intangible assets		108,580,252	108,935,107
Investment property		1,588,550	1,588,550
Prepayments		824,870	-
Deposits		2,389,796	2,286,230
Total non-current assets		137,244,453	136,643,819
Total assets		195,769,286	192,018,959
Liabilities			
Current liabilities			
Trade and other payables		15,455,100	13,183,560
Borrowings	9	200,000	5,326,480
Current tax liabilities		-	689,044
Deferred revenue		14,276,745	12,124,384
Provisions		23,848,312	25,233,868
Other current liabilities		498,496	502,118
Derivative financial liability		179,246	285,523
Total current liabilities		54,457,899	57,344,977
Non-current liabilities			
Borrowings	9	55,601,624	61,288,384
Provisions		5,226,689	4,922,928
Other non-current liabilities		2,599,425	2,878,279
Derivative financial liability		103,325	139,541
Deferred tax liabilities		8,261,411	6,372,013
Total non-current liabilities		71,792,474	75,601,145
Total liabilities		126,250,373	132,946,122
Net assets		69,518,913	59,072,837
Equity			
Issued capital	7	162,709,500	162,709,500
Cash flow hedge reserve		(282,571)	(425,064)
Foreign currency translation reserve		2,296,649	2,459,979
Reorganisation reserve		(135,098,583)	(135,098,583)
Retained profits		39,893,918	29,427,005
Total equity		69,518,913	59,072,837

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

Evans Dixon Limited
Condensed consolidated statement of changes in equity
For the half year ended 31 December 2017

	Issued capital $	Cash flow hedge reserve $	Foreign currency translation reserve $	Reorganisation reserve $	Retained profits $	Total equity $
Balance at 1 July 2016	62,209,500	(935,262)	3,033,484	(135,098,583)	11,694,457	(59,096,404)
Profit after income tax expense for the period	-	-	-	-	10,636,783	10,636,783
Other comprehensive income for the period, net of tax	-	529,753	92,547	-	-	622,300
Total comprehensive income/(loss) for the period	-	529,753	92,547	-	10,636,783	11,259,083
Transactions with owners in their capacity as owners:						
Issue of shares	500,000	-	-	-	-	500,000
Balance at 31 December 2016	62,709,500	(405,509)	3,126,031	(135,098,583)	22,331,240	(47,337,321)

	Issued capital $	Cash flow hedge reserve $	Foreign currency translation reserve $	Reorganisation reserve $	Retained profits $	Total equity $
Balance at 1 July 2017	162,709,500	(425,064)	2,459,979	(135,098,583)	29,427,005	59,072,837
Profit after income tax expense for the period	-	-	-	-	13,602,430	13,602,430
Other comprehensive income for the period, net of tax	-	142,493	(163,330)	-	-	(20,837)
Total comprehensive income/(loss) for the period	-	142,493	(163,330)	-	13,602,430	13,581,593
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	-	-	(3,135,517)	(3,135,517)
Balance at 31 December 2017	162,709,500	(282,571)	2,296,649	(135,098,583)	39,893,918	69,518,913

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

Evans Dixon Limited
Condensed consolidated statement of cash flows
For the half year ended 31 December 2017

	Half year ended 31 December 2017 $	Half year ended 31 December 2016 $
Cash flows from operating activities		
Receipts from customers	156,992,300	100,225,056
Payments to suppliers and employees	(135,837,482)	(82,318,649)
Interest received	134,403	151,889
Interest paid	(1,530,076)	(1,748,480)
Income taxes paid	(7,336,297)	(8,130,539)
Net cash generated by operating activities	12,422,848	8,179,277
Cash flows from investing activities		
Payments for investments in jointly controlled entities	-	(791,416)
Purchase of property, plant and equipment	(1,770,189)	(1,167,923)
Proceeds from sale of property, plant and equipment	2,066	-
Purchase of intangible assets	(934,243)	(831,753)
Purchase of financial assets	(103,862)	(128,455)
Proceeds from sale of financial assets	-	2,500,000
Dividends received	4,750,594	175,000
Net proceeds from transactions with associate entities	51,732	50,297
Net cash generated by / (used in) investing activities	1,996,098	(194,250)
Cash flows from financing activities		
Repayment of borrowings	(11,000,000)	(8,000,000)
Dividends paid	(3,135,517)	-
Issue of share capital	-	500,000
Net cash used in financing activities	(14,135,517)	(7,500,000)
Net increase in cash and cash equivalents	283,429	485,027
Cash and cash equivalents at the beginning of the period	33,543,081	15,927,975
Effect of exchange rate fluctuations on cash held	(49,057)	74,922
Cash and cash equivalents at the end of the period	33,777,453	16,487,924

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

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with *AASB 134 'Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34 'Interim Financial Reporting'*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2017 annual financial report as described below:

Basis of consolidation

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

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

Business combinations

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

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

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

1. Significant accounting policies (continued)

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

Where the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with *AASB 139 'Financial Instruments: Recognition and Measurement'*, or *AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see "Business combinations" above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Foreign currency
i. Translation of foreign currency translations
The functional and presentation currency of the Group is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are translated at the rate of exchange ruling at the Statement of Financial Position date. Exchange differences on monetary items are recognised in the profit or loss in the period in which they arise. Differences arising on a monetary item forming part of the net investment in a foreign operation are taken to the foreign currency translation reserve on consolidation.

1. Significant accounting policies (continued)

Foreign currency (continued)

i. Translation of foreign currency translations (continued)

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

ii. Translation of financial reports of foreign operations

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

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

Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with *AASB 136 'Impairment of Assets'* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When the Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

1. Significant accounting policies (continued)

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

i. Plant and equipment
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

Furniture & equipment	Straight line	2% - 25%
Motor vehicles	Diminishing value	19% - 25%
Computer equipment	Diminishing value	25% - 50%
Leasehold improvements	Straight line	14% - 20%

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

Intangible assets
i. Intangible assets acquired separately
Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

ii. Customer relationships
Customer relationships are the assessed value of the supply of services that exist at the date of acquisition. In valuing customer relationships, consideration is given to historic customer retention, projected future cash flows and appropriate capital charges. Customer relationships are amortised on a straight line basis over a period of 12 years. The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

iii. Internally-generated intangible assets
An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

• the technical feasibility of completing the intangible asset so that it will be available for use or sale;
• the intention to complete the intangible asset and use or sell it;
• the ability to use or sell the intangible asset;
• how the intangible asset will generate probable future economic benefits;
• the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
• the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation rate used for intangible assets is:

Computer software	25%

1. Significant accounting policies (continued)

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

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

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

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

Financial instruments
i. Non-derivative financial assets
All financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: receivables, cash and cash equivalents and financial assets at fair value through profit or loss.

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ii. Financial assets at Fair Value through Profit or Loss (FVTPL)
Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the Other income line item.

Listed shares held by the Group that are traded in an active market are classified as FVTPL and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market where carrying cost is considered to materially represent fair value when no evidence is available to support a material change in the value of the investment.

1. Significant accounting policies (continued)

Financial instruments (continued)

iii. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Impairment charges are recognised through profit or loss.

iv. Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables, and borrowings.

Trade and other payables are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method.

Borrowings and loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

v. Derivative financial instruments

The Group enters into derivative financial instruments in the form of interest rate swap agreements, which are used to convert the variable interest rate of its borrowings to fixed interest rates. For the purposes of hedge accounting, these hedges are cash flow hedges. The swaps are entered into with the objective of reducing the risk associated with interest rate fluctuations. Derivative financial instruments are stated at fair value.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and any inefficient portion is considered a finance cost and is recognised in profit or loss in the statement of profit or loss and other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income and presented in the cash flow hedge reserve in equity remains there until the forecast transaction affects profit or loss, at which point it is transferred to profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or sold, terminated or exercised, then hedge accounting is discontinued prospectively. The Group manages its financial derivatives (interest rate swaps) to ensure they meet the requirements of a cash flow hedge.

Employee benefits

Short-term and long-term employee benefits

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

Inventories

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

1. Significant accounting policies (continued)

Taxation

On 1 February 2017, Evans and Partners Pty Limited (and its controlled entities) joined the Evans Dixon Limited tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the Company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

i. Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted.

1. Significant accounting policies (continued)

Taxation (continued)

iii. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue

Revenue from the rendering of services is recognised upon delivery of the services to the customers. Prepaid amounts received in advance of the provision of services are recorded as a liability in the financial statements and are then recognised in profit and loss over the service period.

The Group recognises its right to carried interest entitlements or other corporate advisory fees only where a non-extinguishable right to receive the fee or benefit has been established and the amount can be reliably measured.

Interest revenue from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1. Significant accounting policies (continued)

Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- *AASB 1048 'Interpretation of Standards'*

- *AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'*

- *AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'*

- *AASB 2017-2 'Amendments to Australian Accounting Standards – Further Annual Improvements for 2014-2016'*

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's financial statements.

The directors have not assessed the impact of new standards which will be applicable for financial years ending on or after 30 June 2019.

2. Critical accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies which are subject to significant accounting estimates and judgements include impairment assessment of goodwill and other intangible assets, fair value assessment of investment properties, other financial assets at fair value through profit or loss and derivative financial instruments, useful life assessment of property, plant and equipment and other intangible assets recognised, recovery of trade receivables and deferred tax assets recognised, and estimates inherent in employee entitlements and other provision calculations, including bonuses.

i Goodwill and other intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets, with a total carrying value of $94,944,513, have suffered any impairment, in accordance with the accounting policy stated in Note 1.

Customer relationships, total carrying value of $9,605,556, are finite intangible assets and are amortised over their expected life. Assets subject to amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

3. Segment information

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

Information reported to the Group's Board of Directors (CODM) for the purposes of resource allocation and assessment of performance is more specifically focused on the category of services provided to customers and the wider economic circumstances and market forces within which each segment operates. As such, the principal categories of services provided to customers as reported to and assessed by the CODM in the current reporting period, which represent the Group's reportable segments under AASB 8 are as follows:

- Wealth advice
- Capital markets
- Funds management

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

Capital markets relates to the provision of stockbroking and investment advisory services to institutional clients and advice to corporations on equity and debt capital market transactions.

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

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

In the comparative half-year period ended 31 December 2016, prior to the merger with Evans and Partners, the Group did not operate a separately identified Capital Markets business, with capital market activity being absorbed within the overall Wealth Advice business segment. The Capital Markets segment as a separately identified and assessed business segment evolved post the merger with Evans and Partners who itself operated a broader capital markets business. Accordingly, the Directors consider it to be impractical to separately extract comparative Capital Markets segment information, and therefore the comparative period disclosures include capital market activities within the Wealth Advice segment where they resided during this period.

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

3. Segment information (continued)

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

	Wealth Advice $	Capital Markets $	Funds Management $	Corporate Unallocated $	Total $
Half-year ended 31 December 2017					
Revenue					
Provision of services	49,600,072	25,031,596	66,754,023	-	141,385,691
Interest received	-	-	-	134,403	134,403
Share of profits of associates and jointly controlled entities	-	-	4,367,318	-	4,367,318
Other income	21,245	2,667	2,035,987	-	2,059,899
Total revenue	49,621,317	25,034,263	73,157,328	134,403	147,947,311
Direct expenses					
Total direct expenses	(31,178,461)	(10,958,746)	(55,989,378)	-	(98,126,585)
Overhead expenses					
Total overhead expenses	(6,720,430)	(1,715,130)	(4,770,720)	-	(13,206,280)
Allocated staff expenses					
Total allocated staff expenses	(2,162,457)	(2,037,374)	(1,584,834)	-	(5,784,665)
Unallocated group staff expenses					
Total unallocated group staff expenses	-	-	-	(8,429,817)	(8,429,817)
Unallocated group other expenses					
Total unallocated group other expenses	-	-	-	(15,000)	(15,000)
Earnings before interest, taxation, depreciation and amortisation	**9,559,969**	**10,323,013**	**10,812,396**	**(8,310,414)**	**22,384,964**
Depreciation and amortisation expense	-	-	-	(2,889,426)	(2,889,426)
Earnings before interest and taxation	**9,559,969**	**10,323,013**	**10,812,396**	**(11,199,840)**	**19,495,538**
Interest expense	-	-	-	(1,717,148)	(1,717,148)
Profit before taxation	**9,559,969**	**10,323,013**	**10,812,396**	**(12,916,988)**	**17,778,390**
Income tax expense	(2,245,538)	(2,424,769)	(2,539,720)	3,034,067	(4,175,960)
Net profit after taxation	**7,314,431**	**7,898,244**	**8,272,676**	**(9,882,921)**	**13,602,430**

3. Segment information (continued)

	Wealth Advice $	Funds Management $	Corporate Unallocated $	Total $
Half-year ended 31 December 2016 *				
Revenue				
Provision of services	29,487,661	63,748,975	-	93,236,636
Interest received	-	-	151,889	151,889
Share of profits of associates and jointly controlled entities	-	611,596	-	611,596
Other income	-	1,248,909	-	1,248,909
Total revenue	29,487,661	65,609,480	151,889	95,249,030
Direct expenses				
Total direct expenses	(13,115,931)	(44,281,186)	-	(57,397,117)
Overhead expenses				
Total overhead expenses	(4,014,382)	(3,679,068)	-	(7,693,450)
Allocated staff expenses				
Total allocated staff expenses	(796,211)	(1,127,062)	-	(1,923,273)
Unallocated group staff expenses				
Total unallocated group staff expenses	-	-	(6,983,197)	(6,983,197)
Unallocated group other expenses				
Total unallocated group other expenses	-	-	(1,320,192)	(1,320,192)
Earnings before interest, taxation, depreciation and amortisation	**11,561,137**	**16,522,164**	**(8,151,500)**	**19,931,801**
Depreciation and amortisation expense	-	-	(1,638,590)	(1,638,590)
Earnings before interest and taxation	**11,561,137**	**16,522,164**	**(9,790,090)**	**18,293,211**
Interest expense	-	-	(1,932,150)	(1,932,150)
Profit before taxation	**11,561,137**	**16,522,164**	**(11,722,240)**	**16,361,061**
Income tax expense	(4,044,919)	(5,780,644)	4,101,285	(5,724,278)
Net profit after taxation	**7,516,218**	**10,741,520**	**(7,620,955)**	**10,636,783**

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

* The comparatives presented above are prior to the acquisition of Evans and Partners Pty Limited on 1 February 2017 and hence are not representative of how the Group's Board of Directors (CODM) allocated resources and assessed the performance of the Group's operating segments for the half-year ended 31 December 2016. The concept of a Capital Markets operating segment came into being after the acquisition of Evans and Partners Pty Limited on 1 February 2017, and hence the comparative does not contain a Capital Markets operating segment.

4. Income taxes

The income tax expense for the period can be reconciled to the accounting profit as follows:

	Half year ended 31 December 2017 $	Half year ended 31 December 2016 $
Profit before income tax expense	17,778,390	16,361,061
Income tax expense at 30% (2016: 30%)	5,333,517	4,908,318
Effect of income that is exempt from taxation	(1,470,328)	(76,870)
Effect of expenses that are not deductible in determining taxable profit	385,971	360,878
Effect of different tax rates of subsidiaries operating in other jurisdiction	(18,528)	278,066
Effect on deferred tax balances due to the change in USA jurisdiction's income tax rate from 34% to 21% effective 22nd December 2017	65,125	-
	4,295,757	5,470,392
Adjustments recognised in the current period in relation to the current tax of prior periods	(119,797)	253,886
Total income tax expense recognised in profit or loss	4,175,960	5,724,278

5. Earnings per share

	Half year ended 31 December 2017 No.	Half year ended 31 December 2016 No.
Weighted average number of ordinary shares		
Weighted average number of ordinary shares during the year used to calculate basic earnings per share	158,099,689	101,076,087

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

	Half year ended 31 December 2017 $	Half year ended 31 December 2016 $
Profit attributable to ordinary shareholders		
Profit attributable to ordinary shareholders	13,602,430	10,636,783
Basic earnings per share (dollars)	0.086	0.105
Earnings used in the calculation of basic earnings per share	13,602,430	10,636,783

Diluted earnings per share is the same as basic earnings per share as there are no dilutive shares on issue.

6. Dividends

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

	Half-year ended 31 December 2017		Half-year ended 31 December 2016	
	Cents per share	**Total $**	**Cents per share**	**Total $**
Fully paid ordinary shares				
Interim dividend	2 cents	3,135,517	-	-

7. Issues, repurchases and repayments of equity securities

Issued capital as at 31 December 2017 amounted to $162,709,500 (158,099,689 ordinary shares). There were no movements in the issued capital of the company in the current period.

	Number of shares	Share capital $
Balance as at 1 July 2016	100,500,000	62,209,500
Issue of shares – 16 September 2016	1,000,000	500,000
Issue of shares – 1 February 2017	56,599,689	100,000,000
Balance as at 30 June 2017	158,099,689	162,709,500
Balance as at 31 December 2017	158,099,689	162,709,500

8. Allocation of goodwill to cash-generating units

The carrying amount of goodwill in relation to the acquisition of Evans and Partners Pty Limited (provisionally recognised at 30 June 2017) has been finalised and allocated at the half year reporting date to cash-generating units or groups of cash generating units that are expected to benefit from synergies associated with the acquisition.

The CGU's/groups of CGU's that have been identified as the lowest level at which Goodwill is monitored for internal management purposes and which is consistent with the level at which the CODM assesses performance and makes resource decisions are as follows:

	31 December 2017 $
Wealth Advice	19,812,517
Capital Markets	10,921,113
Funds Management	32,511,033
	63,244,663

There are no indicators of impairment as at 31 December 2017 in respect of allocated goodwill amounts.

9. Current and non-current liabilities – Borrowings

	31 December 2017 $	30 June 2017 $
Current:		
Borrowings – bank loan	200,000	5,700,000
Capitalised bank loan costs	-	(373,520)
	200,000	5,326,480
Non-current:		
Borrowings – bank loan	56,800,000	62,300,000
Capitalised bank loan costs	(1,198,376)	(1,011,616)
	55,601,624	61,288,384

Evans Dixon Limited holds a revolving cash facility with Westpac Banking Corporation. As at 31 December 2017, the Group held a variable rate (linked to BBSY) bank loan of $57,000,000 (30 June 2017: $68,000,000) under this facility. Total available funds under this facility as at 31 December 2017 was $66,800,000 (30 June 2017: $72,300,000). Interest and principal repayments on the loan are made in quarterly instalments. The termination date of the facility is five years from the date of the original agreement, being 17 March 2021.

As at 31 December 2017, Westpac Banking Corporation had issued bank guarantees on behalf of the Group totalling $2,287,842.

Westpac Banking Corporation holds a security interest over the assets and undertakings of the Group (other than those entities that hold AFSL licences which Westpac Banking Corporation has agreed to exclude) as security for the bank loan and bank guarantees. Total group assets secured against the bank loan and bank guarantees as at 31 December 2017 is $195,769,286.

10. Fair value of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2017 $	30 June 2017 $		
Available-for-sale shares in listed corporations	Assets – 8,782	Assets - 8,782	Level 1	Quoted bid prices in an active market.
Available-for-sale shares in unlisted corporations	Assets – 888,769	Assets - 874,201	Not applicable	The directors have deemed that the fair value of these assets approximates their historical cost, given the absence of an active trading market for the instruments and the absence of any other available information to the Group indicating material change in the value of the investments since their acquisition date. Movements in carrying values represent movements in foreign exchange rates at balance date where the investments are held by foreign subsidiaries.
Investment property	Assets - 1,588,550	Assets - 1,588,550	Level 2	Value determined based on direct comparable sales as reported by licenced real estate valuers engaged by the Group. Key inputs are selling price, geographic location, property age and condition.
Interest rate swaps	Current Liabilities – 179,246 Non-current Liabilities – 103,325	Current Liabilities – 285,523 Non-current Liabilities – 139,541	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Level 1 and Level 2 in the period.

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

11. Related party transactions

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

Trading transactions

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

	Provision of services		Purchase of services	
	Half-year ended 31 December 2017 $	Half-year ended 31 December 2016 $	Half-year ended 31 December 2017 $	Half-year ended 31 December 2016 $
Associates of Evans Dixon Limited				
US Select Private Opportunities Fund II GP, LLC	625,604	654,776	-	-
US Select Private Opportunities Fund III GP, LLC	373,272	210,804	-	-
US Select Direct Private Equity (US) GP, LLC	56,049	79,076	-	-
Fort Street Real Estate Capital Pty Limited	439,437	100,000	497,955	408,068
	1,494,362	1,044,656	497,955	408,068
Joint ventures of Evans Dixon Limited				
515 West 168th	29,688	-	-	-
34th Astoria	22,481	-	-	-
	52,169	-	-	-
Key management personnel of Evans Dixon Limited				
Key management personnel	177,420	-	-	-

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

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2017 $	30 June 2017 $	31 December 2017 $	30 June 2017 $
Associates of Evans Dixon Limited				
Fort Street Real Estate Capital Pty Limited	-	-	354,133	255,099
Evans Dixon Law Pty Limited	-	-	994,178	942,446
	-	-	1,348,311	1,197,545
Joint ventures of Evans Dixon Limited				
515 West 168th	4,218	8,554	-	-
34th Astoria	6,782	-	-	-
	11,000	8,554	-	-
Key management personnel of Evans Dixon Limited				
Key management personnel	40,378	79,830	-	-

11. Related party transactions (continued)

Key management personnel

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

	Half-year ended 31 December 2017 $	Half-year ended 31 December 2016 $
Short-term benefits	4,037,163	2,355,850
Post-employment benefits	73,712	41,923
	4,110,875	2,397,773

Note that the acquisition of Evans and Partners Pty Limited into the Group on 1 February 2017 increased the number of persons considered as key management personnel for the half-year ended 31 December 2017 to 7 (half-year ended 31 December 2016 was 4).

12. Subsequent events

In February 2018, upon execution of their new service agreements with the Group, integration bonuses totalling $5,132,075 each were paid to the Executive Chairman and CEO of the Group in recognition of their efforts in facilitating the 2017 merger between Evans and Partners and the remaining Dixon group. In order to provide further intellectual asset protection to the Group, separate extended post-employment non-competition restraint agreements were entered into by the Executive Chairman and CEO, in respect of which payments of $5,000,000 each were made. On 22 February 2018, the Executive Chairman and CEO each subscribed for 2,000,000 shares in the Company for consideration of $2,720,000 each.

On 23 February 2018, the Company was converted to an Australian public company and as such the name of the Company changed from Evans Dixon Pty Limited to Evans Dixon Limited.

No other matters or circumstances have arisen since 31 December 2017 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Evans Dixon Limited
Directors' declaration
31 December 2017

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with accounting standards and give a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

Director ....
David Evans

Director ....
Alan Dixon

Dated: 23 March 2018

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

Independent Auditor's Review Report to the members of Evans Dixon Limited

We have reviewed the accompanying half-year financial statements of Evans Dixon Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the declaration of the directors.

The Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial statements in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial statements based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial statements are not presented fairly, in all material respects, in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of Evans Dixon Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied 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 review of the financial statements in Australia.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial statements of Evans Dixon Limited do not present fairly, in all material respects, the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting.*

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 23 March 2018