EQT RELEASE

25 August 2011

Equity Trustees Full Year Results and Final Dividend

Equity Trustees Limited (ASX: EQT) today confirmed its full year financial results and final dividend, which are unchanged from the unaudited results announced on 5 August, 2011.

Net profit after tax increased 2.3% to $8.2m, summarised as follows:

	12 months to 30 June 2011 $m	12 months to 30 June 2010 $m	% Change
Operating revenue	39.2	34.5	13.5
Operating expenses	(28.4)	(23.8)	(19.2)
Operating profit before tax	**10.8**	**10.7**	**0.8**
Income tax expense	(3.0)	(3.2)	
Operating profit after tax	**7.8**	**7.5**	**3.3**
Non-operating items (net of tax)	0.4	0.5	
Net profit after tax	**8.2**	**8.0**	**2.3**
Earnings Per Share (cents)	**97.01**	**96.60**	
Dividend per share (full year, fully franked)	100c	110c	

Equity Trustees' Chairman, Mr Tony Killen, said that the Group was pleased to report an increase on the prior year net profit after tax despite a continuation of market volatility and challenging business conditions, especially during the June quarter.

"For the first three quarters the investment markets had shown some signs of improvement, however, in a pattern similar to that in the prior year there was a reversal during the June quarter. As a result of the continuing market uncertainty, which has now continued very markedly into the first months of the current financial year, and the use of cash for acquisitions, the EQT Board has decided to reduce the fully franked final dividend from 60 to 50 cps. Thus the dividend for the full year will be 100 cents, fully franked, reflecting a current yield of approximately 8.0% before franking credits."

Notwithstanding the reduction in final dividend, Mr Killen noted the full year payment constitutes a payout ratio of 103%, continuing the recent practice of payment of dividends in excess of yearly profits. However, he did note that the Board's expressed policy was to pay in the range of 70 – 90%, and in future there would be stricter adherence to this policy in the interests of maintaining a strong balance sheet capable of supporting the needs of the business, including its continuing desire to expand by acquisitions.

The results were affected by some one-off and non-recurring acquisition-related expenses and duplicated staff costs during the implementation of the new investment management system. Details are provided in the Shareholder presentation pack.

Equity Trustees' Managing Director, Mr Robin Burns, added that although the 2011 financial year had again provided some difficult circumstances and business headwinds it had been a very active and positive one for the Group in a number of areas.

He said, “In particular we are very pleased that we completed the acquisition, transition and integration of the OAMPS corporate superannuation fund into the existing EquitySuper master trust in a very efficient manner, to a tight deadline and within our project timetable and costs.”

“We have implemented a number of structural changes within the Group, to enhance our focus on key business activities and objectives, and we will be looking to further develop a group-wide approach to management and integration across business lines.”

He added, “In the last few weeks we have completed the acquisition of a specialised advisory business, which fits very closely with our values and ethos in looking after our clients and is in a very attractive market segment. This business, operating as Lifetime Planning and Tender Living Care, provides a number of services in the aged care advisory sector and will be a strong complement to our existing Wealth Management and Personal Estates and Trusts operations.”

“This acquisition has been fully funded from internal resources. We will continue to assess the acquisition opportunities we are seeing in the broad wealth management industry but we take a disciplined approach and maintain a set of basic criteria that guide our acquisition process, including that they are earnings accretive in the near term.”

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Equity Trustees Limited
Full Year Results to
30 June 2011

Overview – FY2011

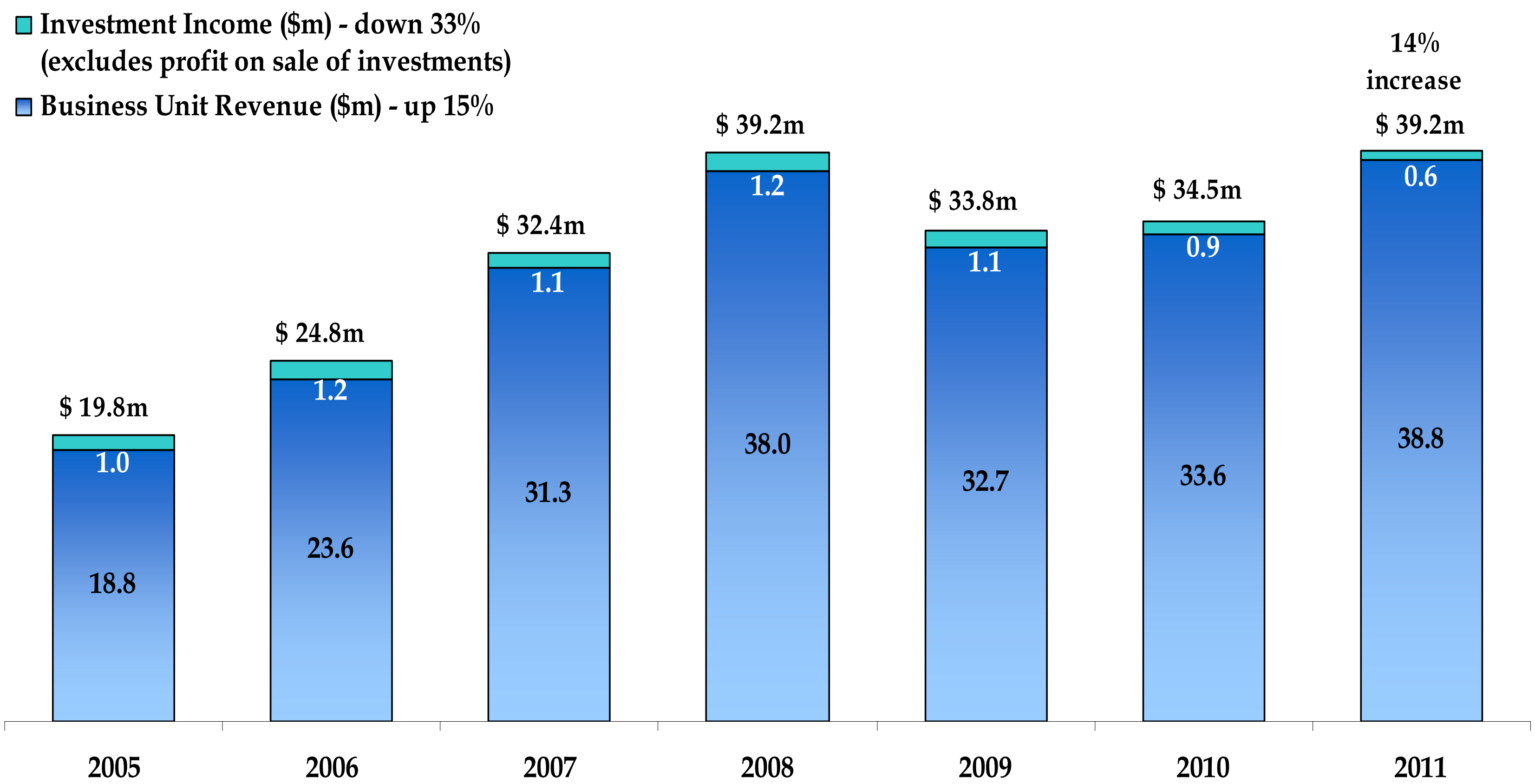
- Adverse conditions in investment markets affected business performance.
- All business units remain solidly profitable, although some margin pressure.
- Organic FUM/revenue growth varied across business lines.
- Final dividend reduced to match circumstances and be closer to long-term policy.
- Restructured business to enhance client relationship management and focus on risk management & compliance.
- Two acquisitions in last 12 months – first one (Apex Super) bedded down and EPS positive.
- EQT Aged Care Services (acquired advisory business) being integrated – specialised and attractive niche.
- IT platform project completed – on budget, achieved scope.
- Strong new business flows/leads in some revenue lines – varies by sector.
- Regular flow of acquisition opportunities for assessment.

Overview – group results

	2011 $m	2010 $m	Change
Operating revenue	39.2	34.5	14%
Operating expenses	(28.4)	(23.8)	(19%)
Operating profit before tax	10.8	10.7	1%
Income tax expense	(3.0)	(3.2)	
Operating profit after tax	7.8	7.5	3%
Net profit from sale of investments (net of tax)	0.4	0.5	
Net profit after tax	8.2	8.0	2%
Earnings per share (cents)	97.01¢	96.60¢	
Dividend per share (full-year, fully franked)	100¢	110¢	
Operating margin (pre-tax, excluding gains on the sale of investments, including non-recurring costs)	27.5%	31.1%	

Revenue

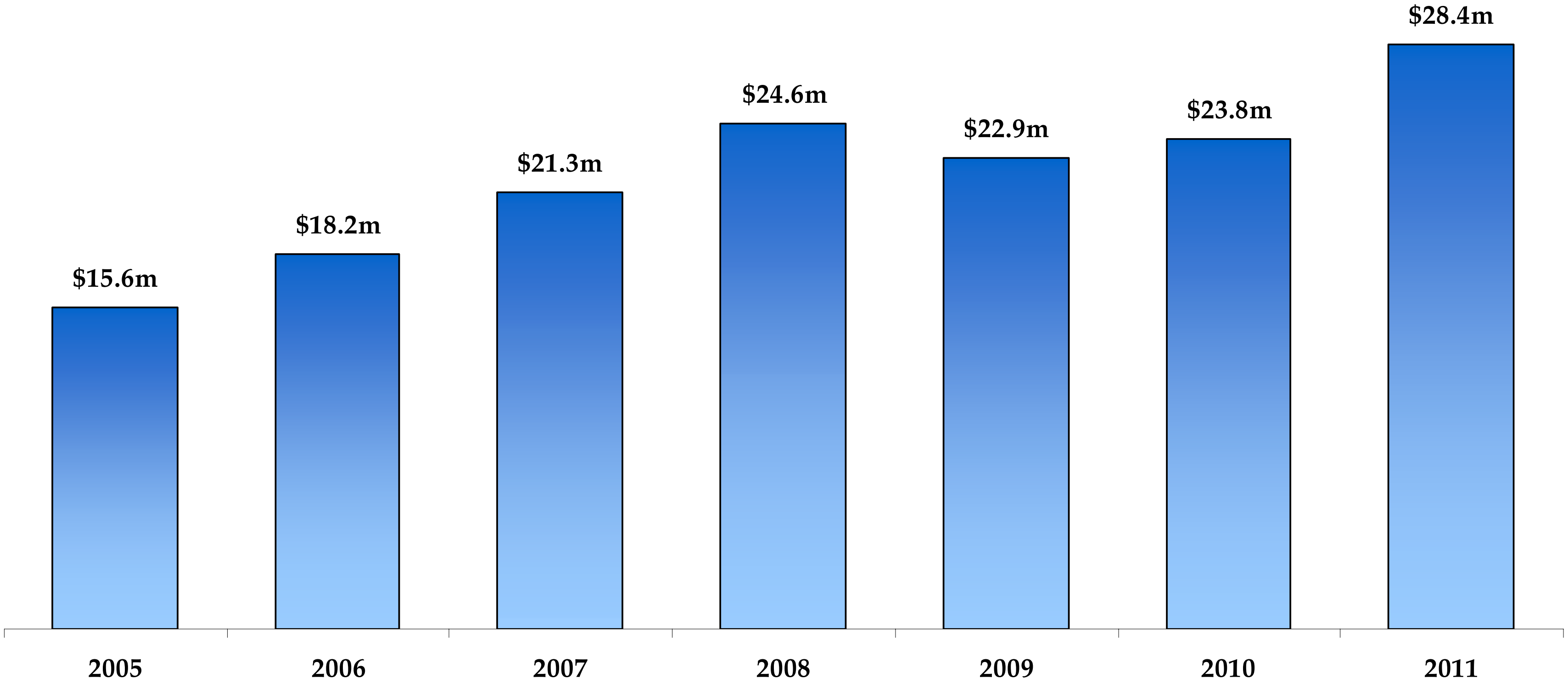
Revenue increased 14%



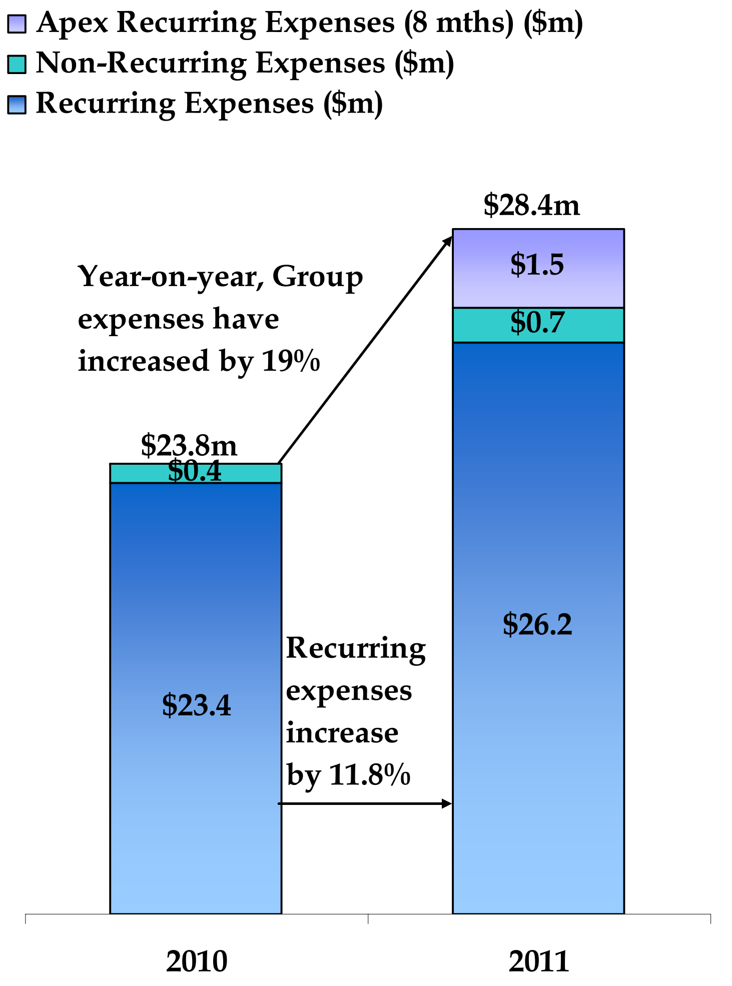
Expenses

Operating costs ($m)

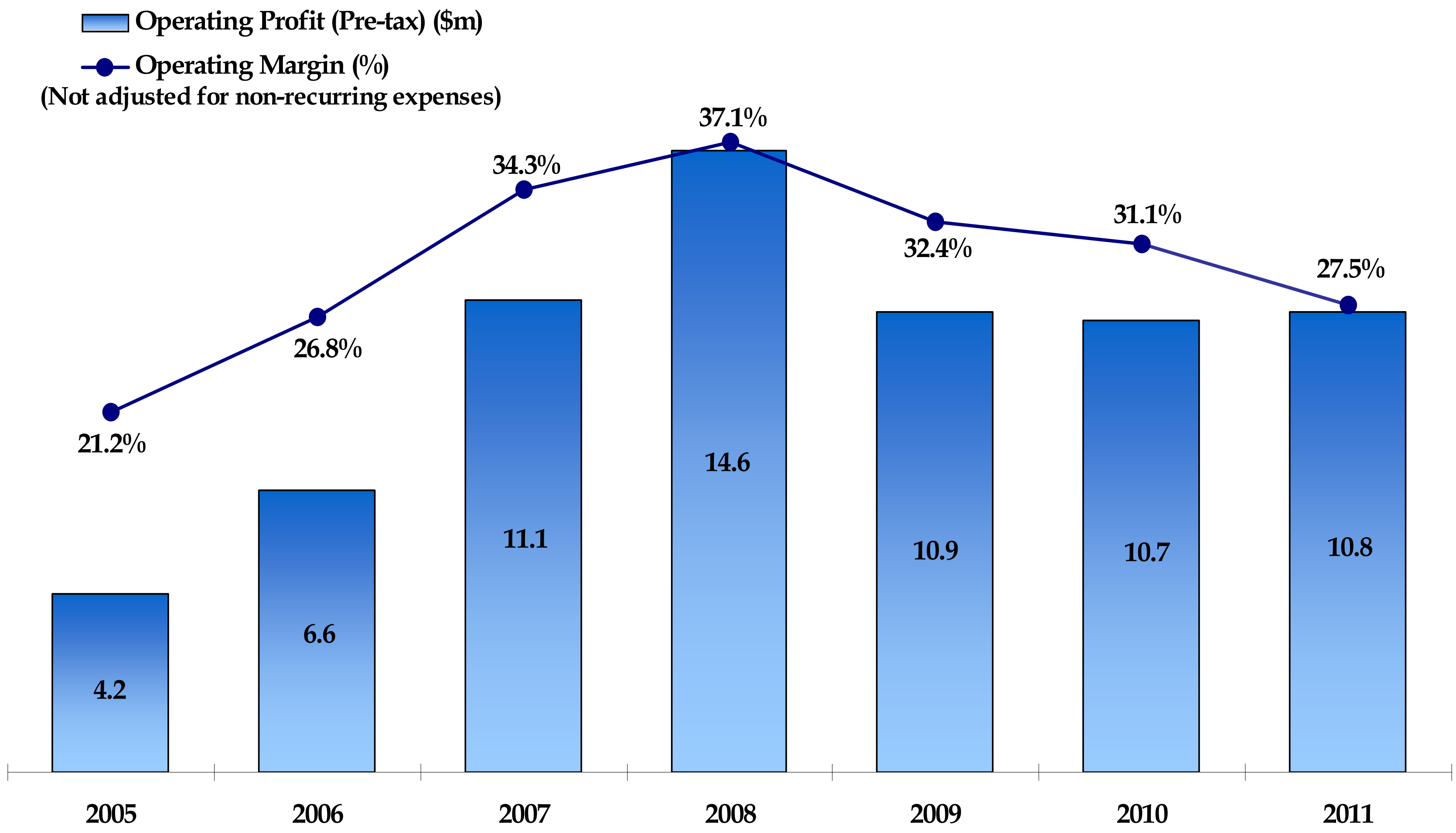
(Refer to subsequent page for detail)



Expense composition

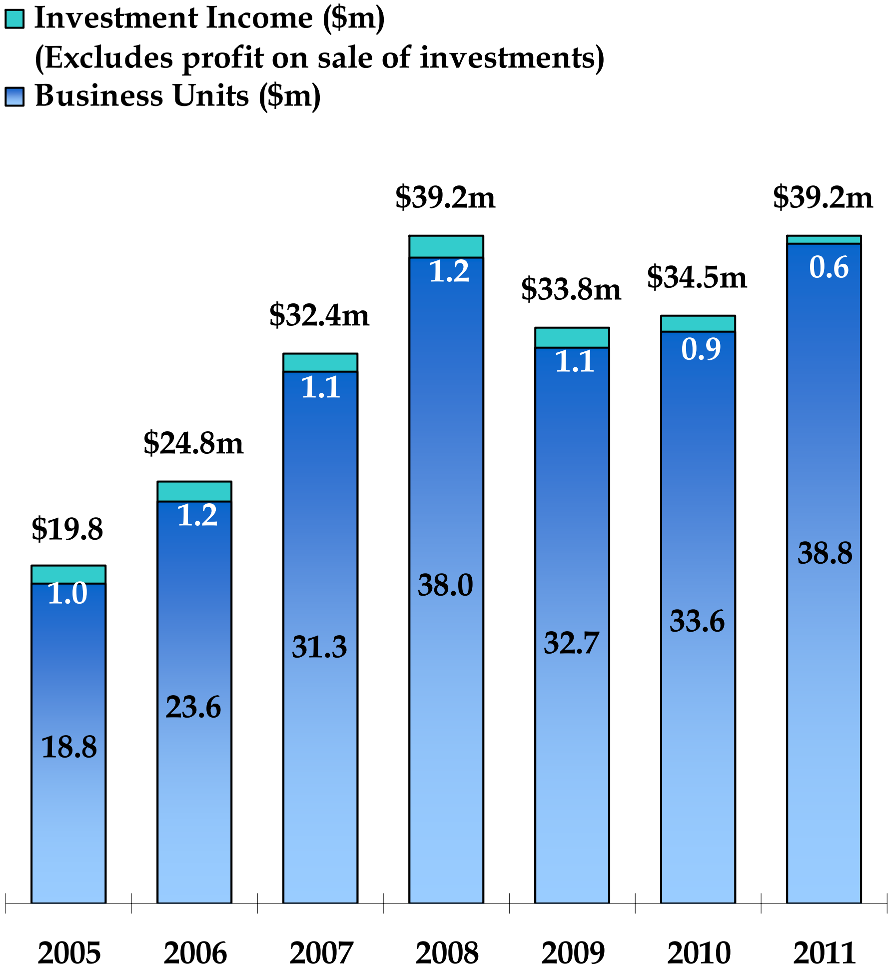


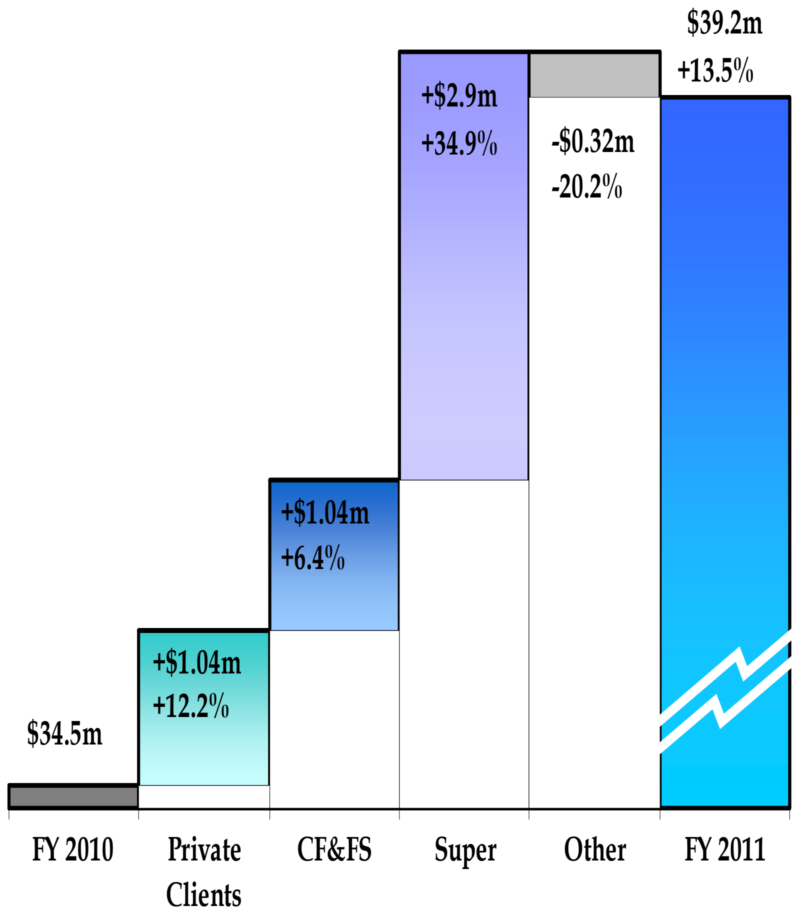
Operating margin



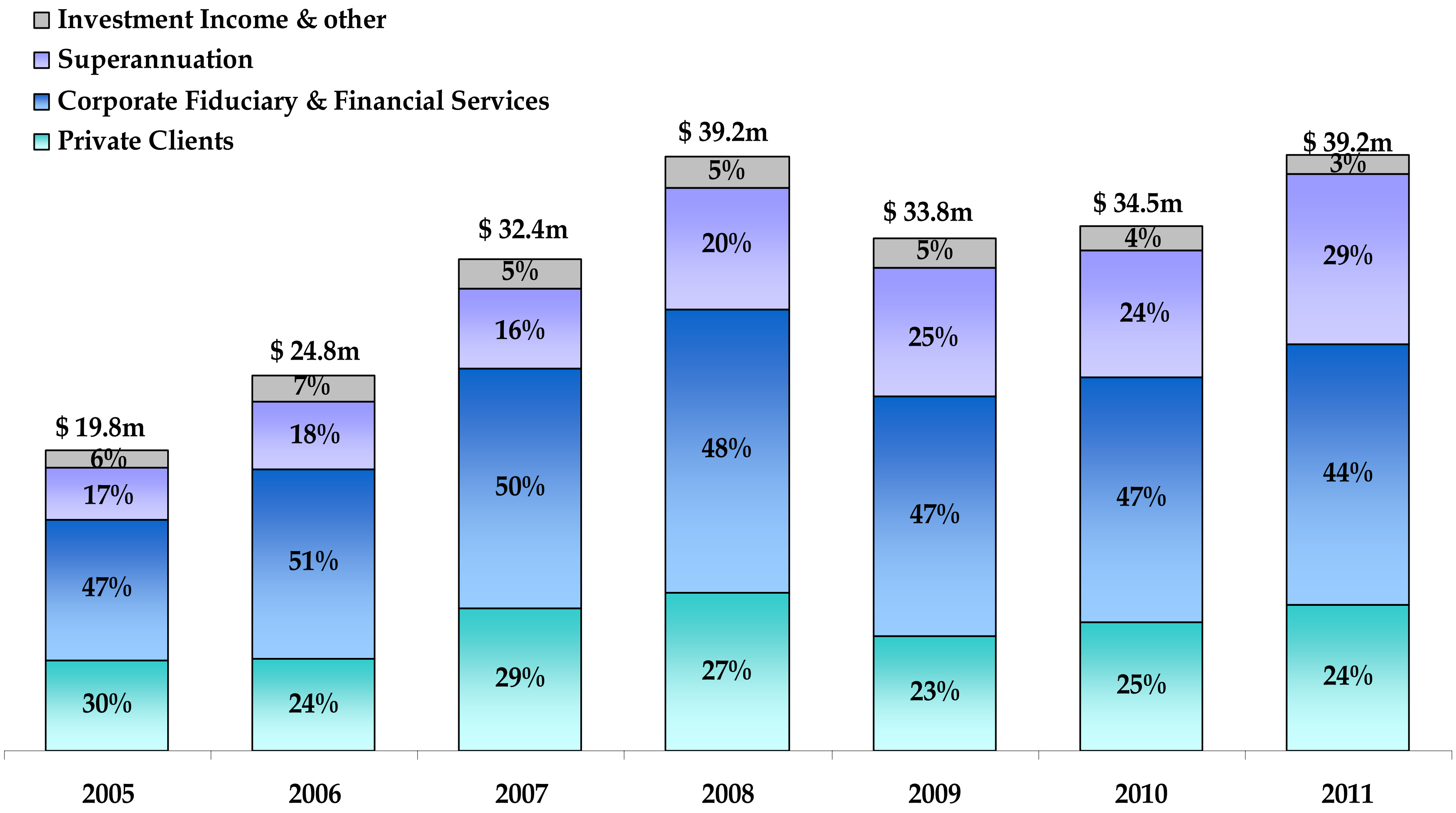
Operating revenue - change

- Operating revenue up 14% to $39.2m



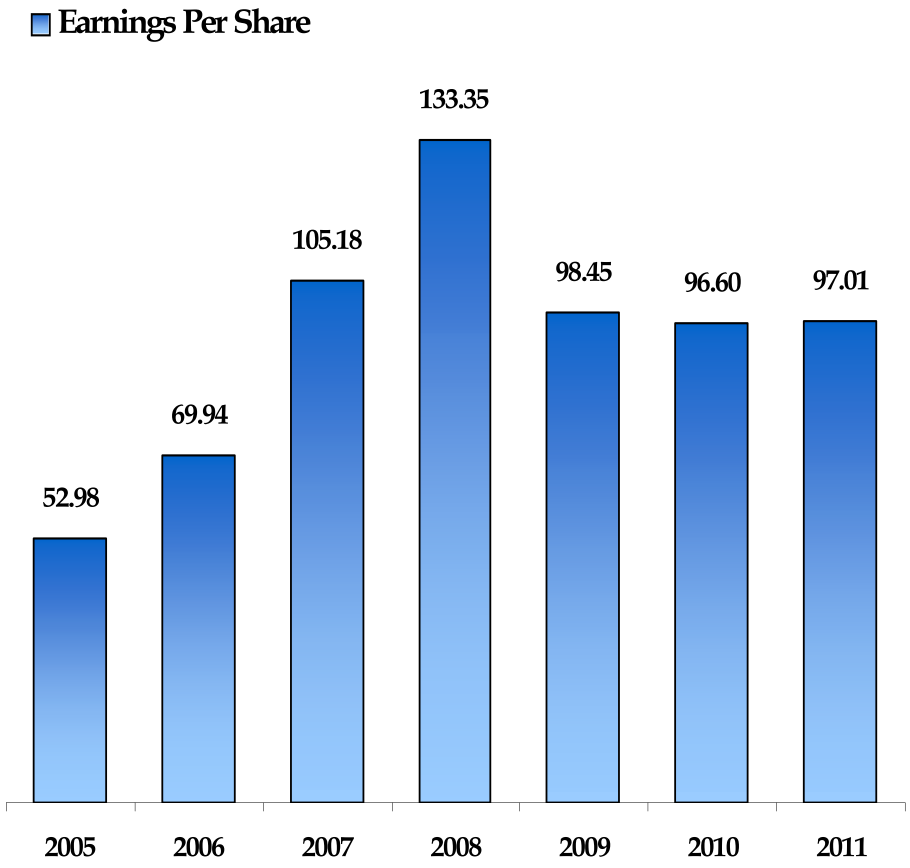


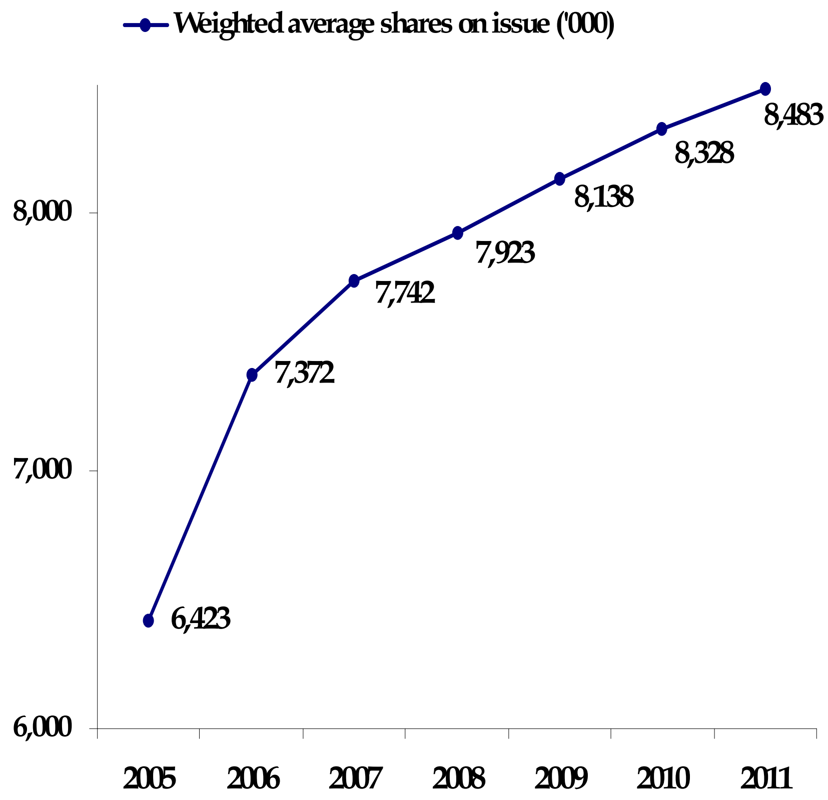
Operating revenue - composition



Reported Earnings per Share

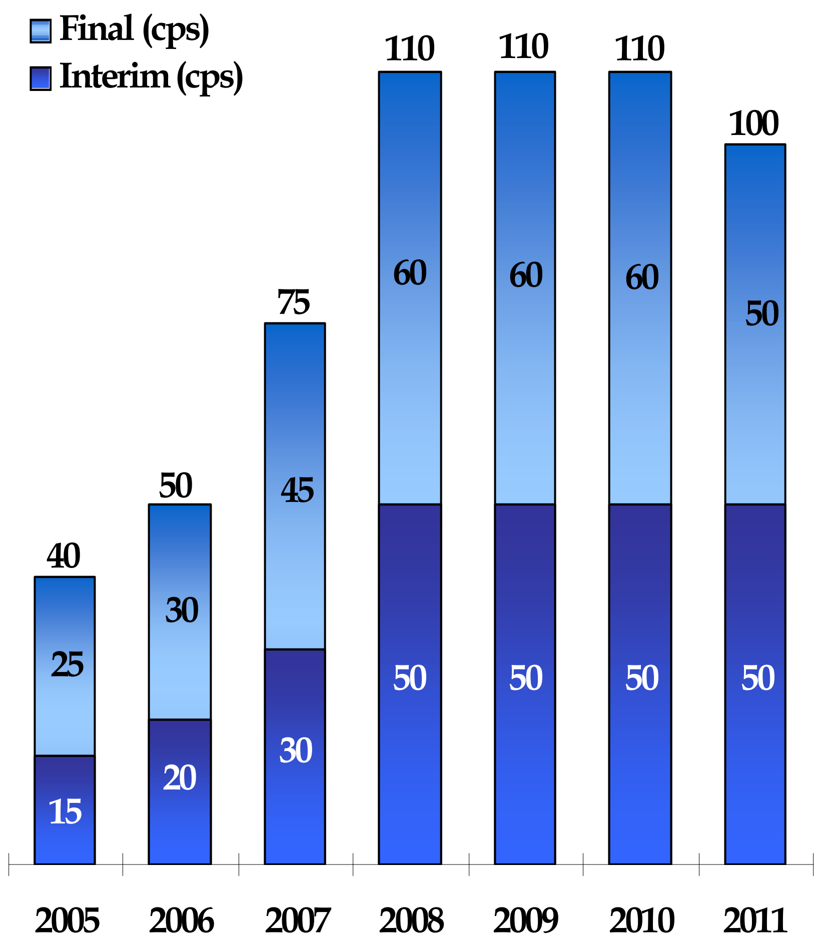
- Reported Earnings per Share up 0.42% to 97.01¢ per share



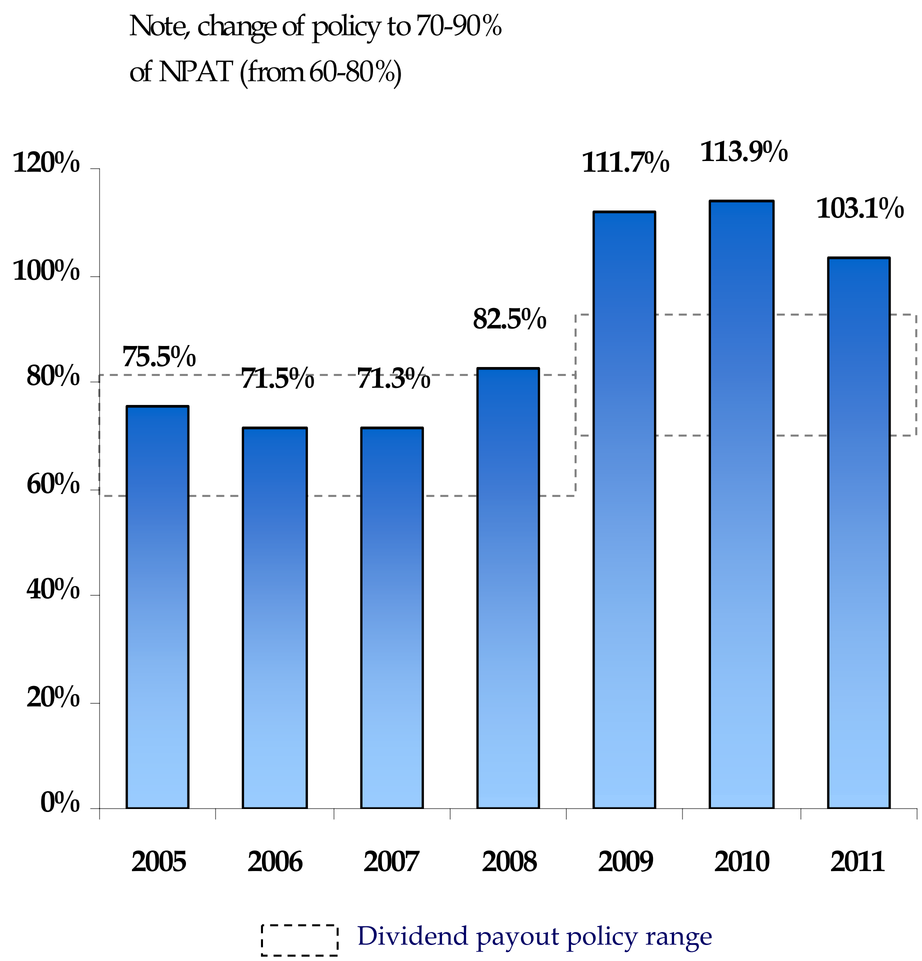


Returns to shareholders

- Full-year, fully-franked dividend
  - Reflecting a current yield of approximately 7.4% before franking credits

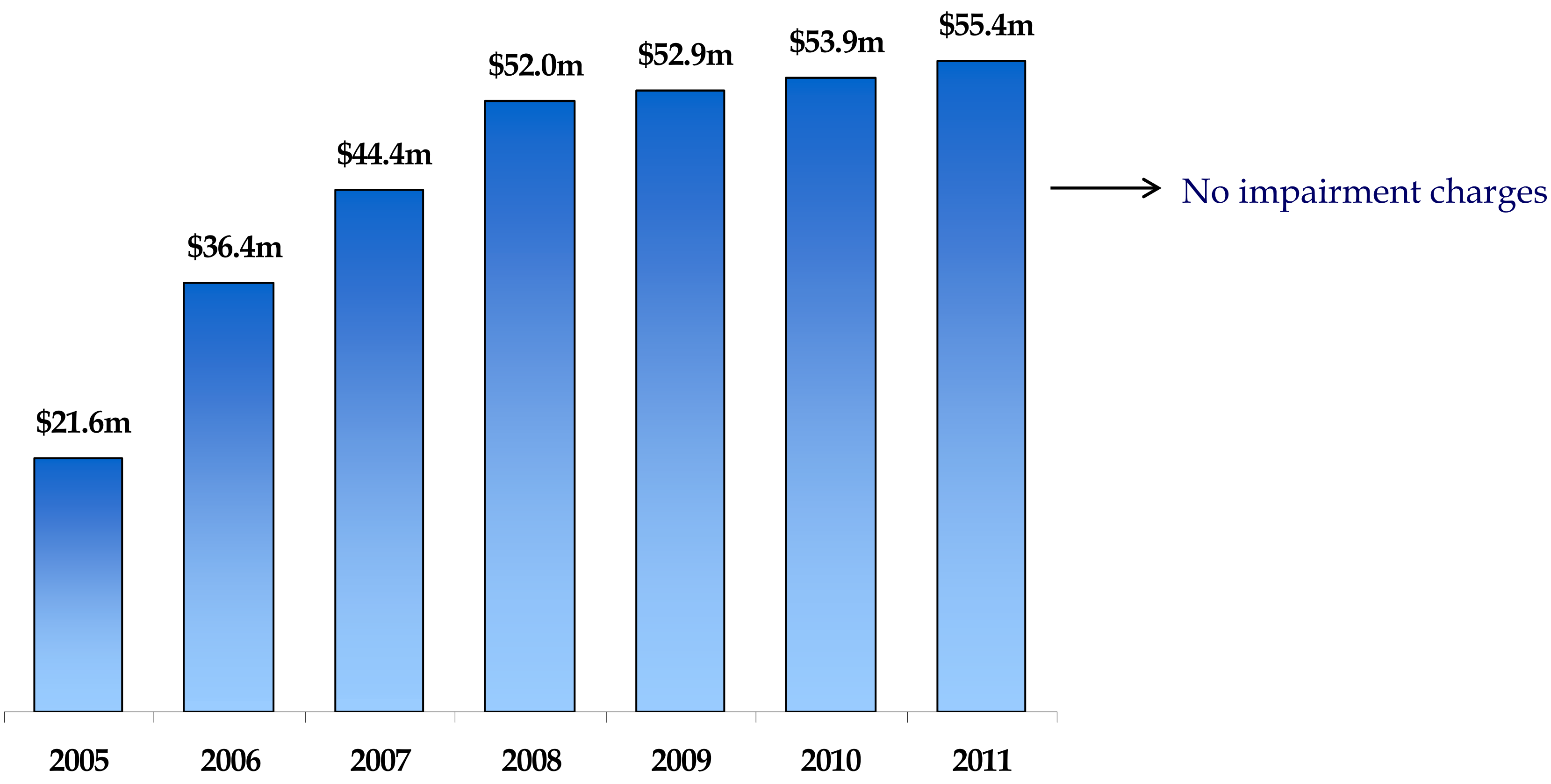


Full-year dividend as percentage of NPAT

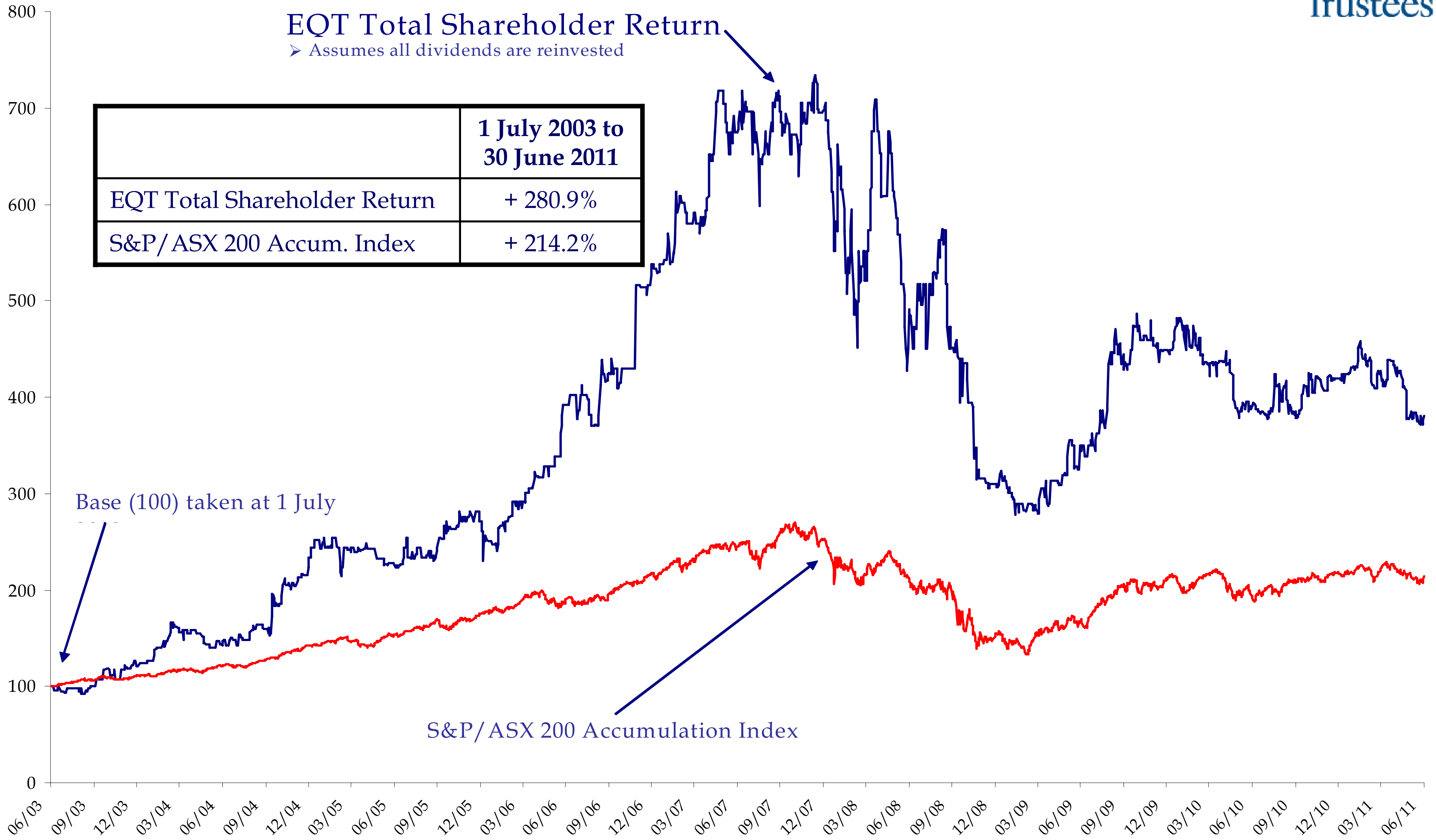


Net asset base

- Strong net asset base. Nil debt.



Sustained shareholder return



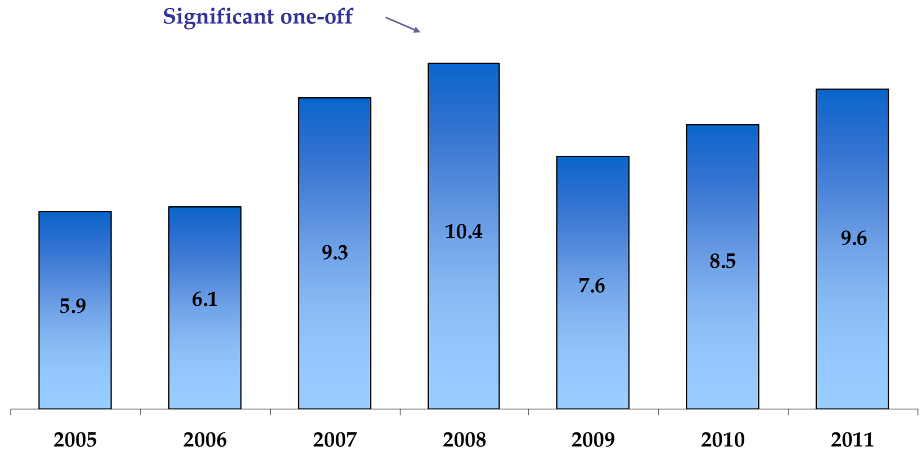
	1 July 2003 to 30 June 2011
EQT Total Shareholder Return	+ 280.9%
S&P/ASX 200 Accum. Index	+ 214.2%

Business units – operations & performance

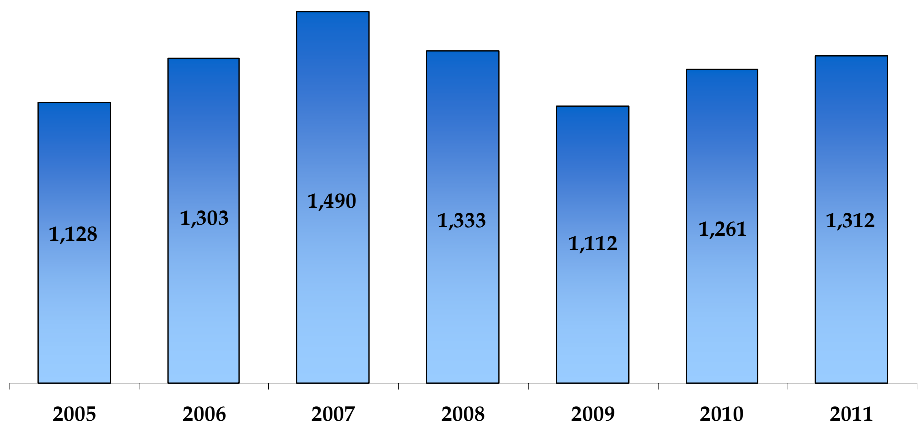
Business unit	Key services	Target market / channel	2011 Revenue, vs 2010	2011 FUM/FUA, vs 2010
Private Clients	➢ Trusts & Estates ➢ Philanthropy ➢ Wealth Management ➢ Asset Management	➢ Private clients ➢ Business to business referrals	$9.6m +12.2%	$1,312m +4%
Corporate Fiduciary & Fund Services	➢ Distribution ➢ Product management for EQT co-branded funds (managed by external specialists) ➢ Responsible entity	➢ Platforms/IDPS ➢ Financial planners ➢ Investment managers	$17.2m +6.4%	$19,484m +20.5%
Superannuation	Full service master trusts – ➢ Wealthpac ➢ Freedom of Choice ➢ Apex	➢ Small-medium size corporates ➢ Members	$11.2m +34.9%	$979m +56.9%

Business unit overview - Private Clients

Operating revenue up 12.2% to $9.6m



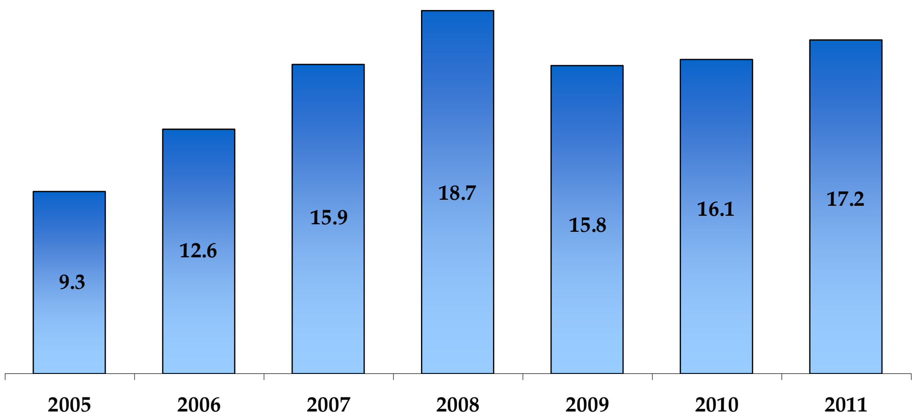
FUM/FUA at 30 June 2011 up 4% to $1,312m



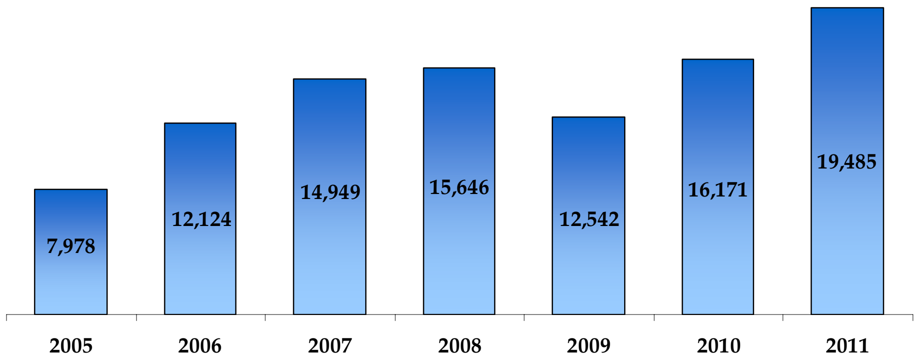
2011 highlights	• Successful year in Wealth Management client numbers. • Good performance across Estates, Trusts and Philanthropy. • Customer survey revealed very positive engagement and loyalty.
2012 outlook	• Bedding down systems for new regulatory regime. • Focus on referral networks and B2B development. • Integration of aged care advisory business, plan for future development.

Business unit overview – CF&FS

Operating revenue up 6.4% to $17.2m



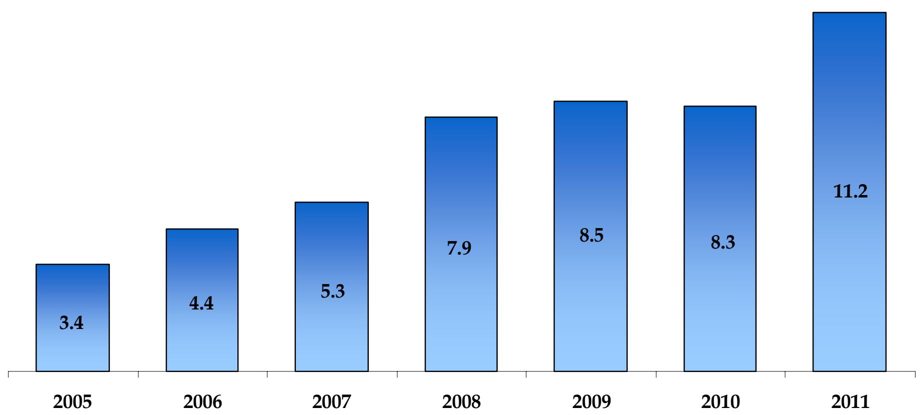
FUM/FUA at 30 June 2011 up 20.5% to $19.485m



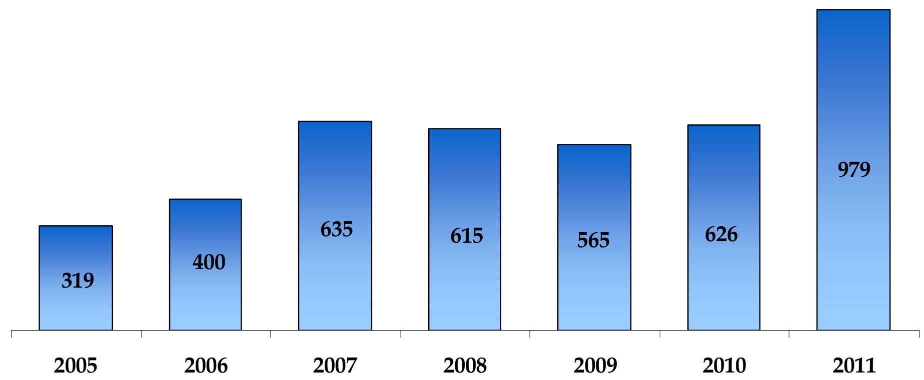
2011 highlights	• Strong net inflows to badged funds – but skewed to defensive assets. • Growth in RE clients – added 6 new managers and 15 new funds. • Interest in Australian market from offshore remains positive.
2012 outlook	• Market volatility to remain significant factor – flows likely to reflect. • Solid organic growth in RE activity but FUA/revenue affected by markets. • Competition remains keen – margins challenged in some cases. • Capital backing proposals to be monitored – may assist larger players.

Business unit overview - Superannuation

Operating revenue up 34.9% to $11.2m



FUM at 30 June 2011 up 56.9% to $979m



2011 highlights	• Integration of OAMPS super, renamed Apex, builds scale, transition complete. • Launch of SimpleWRAP. • Strong relative investment performance.
2012 outlook	• Monitor Stronger Super changes. • Gain full benefits of improved scale. • Pursue 'one-off' development opportunities.

Business Update And Summary

The Environment

- Regulatory changes still flowing – FoFA, Stronger Super (MySuper & SuperStream), ASIC CP140 (capital for REs), tax changes for MIS. Mix of opportunities and challenges, but increased business complexity.
- Markets – volatile start to FY2012, investors nervous, industry is experiencing very skewed flows and low margin products dominating.
- Many acquisition opportunities in wealth management sector being presented, but not easy to value in such a volatile environment and ownership by a trustee company is often a more difficult concept for advisors to grasp.
- Demographic factors remain a positive for 'traditional' trustees business activities.
- Overall growth in industry FUM via mandated flows, increased saving rate (and increased SGC), creates a positive environment for corporate business lines.
- Impact of increased regulation and other factors to result in greater industry consolidation, both vertically and horizontally, across broad wealth management sector.

Summary

The Business

- Diversified revenue streams – all business units profitable, supported by a mix of in-house and out-sourced service functions.

- Continued focus on maximising efficiency and maintaining in-house activity where there is competitive advantage/reason for retaining expertise.

- Some years ahead of peers in certain internal functionality.

- Focus on expense control to reflect challenging revenue scenarios, but pursuit of long-term growth opportunities requires continued investment in client acquisition and development.

- Stable, experienced team but also increasing focus on institutionalising processes to protect risk management, expertise and client relations.

Summary

<u>The Business (continued)</u>

- New business generation and opportunities strong in most business areas.
- Alert to potential acquisition opportunities, with disciplined selection and valuation criteria. Demonstrated ability to efficiently manage bolt-ons.
- Exploring additional revenue generating/service enhancing possibilities leveraging off existing expertise and functions.
- Consistent strategic direction over medium – long term. Impact of industry regulatory changes should provide positive opportunities for Trustee companies.

EQUITY Trustees

Trusted since 1888