

27 February 2012

## Equity Trustees Half Year Result – Solid Increase

Equity Trustees Limited (ASX: EQT) today confirmed that the audited result for the six months ended 31 December 2011, was unchanged from the release of the unaudited numbers on 30 January 2012. The results disclose a lift in half year revenue of 11.0% and a 4.6% increase in net profit after tax for the six months ending 31 December 2011 compared with the prior corresponding period.

|                                    | 6 months to<br>31 Dec 2010 | 6 months to<br>31 Dec 2011 | %<br>Change |
|------------------------------------|----------------------------|----------------------------|-------------|
|                                    | \$m                        | \$m                        |             |
| Operating Revenue                  | 20.7                       | 18.7                       | 11.0        |
| Operating Expenses                 | (15.7)                     | (13.7)                     | (14.9)      |
| <b>Operating profit before tax</b> | <b>5.0</b>                 | <b>5.0</b>                 | -           |
| Income Tax Expense                 | (1.4)                      | (1.5)                      |             |
| <b>Operating profit after tax</b>  | <b>3.6</b>                 | <b>3.5</b>                 | <b>3.8</b>  |
| Non-operating items (net of tax)   | 0.3                        | 0.2                        |             |
| <b>Net profit after tax</b>        | <b>3.9</b>                 | <b>3.7</b>                 | <b>4.6</b>  |
| <b>Earnings Per Share (cents)</b>  | <b>45.08</b>               | <b>43.85</b>               | <b>2.8</b>  |

EQT Chairman Mr Tony Killen stated, “In light of the business conditions in the first half relative to those in the corresponding comparable period, we regard the result as a solid outcome. It is pleasing to have achieved organic revenue growth despite the significantly lower investment market values, which drive the bulk of our revenue lines. In addition, both of the recent acquisitions, Apex Super Fund (in November 2010) and Lifetime Planning/Tender Living Care (in August 2011) are performing to plan and provided a positive net contribution to earnings per share.”

Mr Killen also reiterated the company’s previous advice of its intention to pay future dividends within the stated policy range of 70 to 90% of EPS. As a result, the interim dividend has been reduced from 50 to 40 cents per share, fully franked, representing a payout ratio of approximately 89%.

Although the company has a strong balance sheet and no debt, in the current circumstances the Board felt it prudent that the non-participation in the dividend reinvestment plan (DRP) for the interim dividend will be underwritten so as to raise additional working capital. The discount rate for the DRP and new shares issued under the underwriting arrangements will be lifted from 2.5 to 4.0%.

The Managing Director, Mr Robin Burns noted that in recent months there appears to have been an increase in corporate activity in the wealth management sector in anticipation of the implementation of the Future of Financial Advice (FoFA) and superannuation system changes. He commented, “The horizontal and vertical consolidation in the wealth management sector has been evidenced by some substantial acquisitions by large players, but we are also seeing an increase in the number of potential deals at the next level. We are still keenly interested in pursuing the right acquisition opportunity for Equity Trustees, but we are very conscious of approaching this with the discipline and focus on long-term value that has characterised our deals in the past.”

“Whilst on this subject, I note that a significant part of the growth in operating expenses in the half-year comparison relates to the timing impact of the two acquisitions.”

Equity Trustees Limited

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# EQT RELEASE

He added, "I am confident we have demonstrated an ability to successfully integrate acquisitions, but we are also aware that valuations need to be carefully watched in a market where buyers with deep pockets and acquisitive natures are active. Regardless of the pre FoFA activity, market commentators anticipate that there will also be a continuing consolidation drive post FoFA, so we do not feel under any pressure to participate in the acquisition market simply to be in it."

"Overall, with a continuing level of organic growth in our business, plans to maintain the pursuit of internal efficiencies through consolidation of systems and processes, as well as an enhanced focus on unified business development in our personal services, we are well placed to perform successfully for our stakeholders in varying market conditions."

For further information, please contact:

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**Managing Director**  
**Equity Trustees Limited**

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Email: [rburns@eqt.com.au](mailto:rburns@eqt.com.au)

**Terry Ryan**  
**Chief Financial Officer**  
**Equity Trustees Limited**

Phone: 61 3 8623 5372  
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This media release was prepared by Equity Trustees Limited and is only provided for information purposes. It does not contain investment recommendations nor provide investment advice.

## Appendix 4D – Half Year Report

Name of entity

**Equity Trustees Limited**

ABN or equivalent company reference

**46 004 031 298**

Half Year Ended

**31 December 2011**

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

|                                                                   | <b>31 Dec 11</b> |          | <b>31 Dec 10</b> |  |
|-------------------------------------------------------------------|------------------|----------|------------------|--|
|                                                                   | <b>\$ '000</b>   |          | <b>\$ '000</b>   |  |
| Revenue from ordinary activities                                  | 21,061           | Up 11.1% | From 18,949      |  |
| Operating profit after tax                                        | 3,644            | Up 3.8%  | From 3,509       |  |
| Profit on sale of investments net of tax                          | 228              |          | 192              |  |
| Profit from ordinary activities after tax attributable to members | 3,872            | Up 4.6%  | From 3,701       |  |
| Net profit for the period attributable to members                 | 3,872            | Up 4.6%  | From 3,701       |  |

| <b>Dividends</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Amount per Security</b> | <b>Franked amount per Security</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------|
| Interim Dividend                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 40 cents per share         | 100%                               |
| <p>The directors have declared a fully franked interim dividend of 40 cents per share. The directors have also declared that the dividend reinvestment plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average price of EQT traded shares on 5 days after record date. A discount of 4% will be applied.</p> <p>Any shortfall in take up of the DRP will be underwritten at the DRP share price.</p> <p>Record date for determining entitlements to the dividend. This is also the last date for the receipt of an election notice for participation in the DRP.</p> <p>Payment date for dividend</p> |                            |                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 19 March 2012              |                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 17 April 2012              |                                    |

## **ASX ADDITIONAL INFORMATION**

Additional information required by the ASX, and not shown elsewhere in this report, follows. The information is current as at 31 December 2011.

### **Net tangible asset backing per share**

The net tangible asset backing per share at 31 December 2011 was \$1.28 (2010: \$1.37), which is based on shares on issue of 8,617,976 (2010: 8,493,535).

### **Control gained or lost over entities during the period**

The following entity was acquired during the period:

#### **Half year ended 31 December 2011**

- EQT Aged Care Services Pty Limited

This entity was incorporated on 20 July 2011 and it acquired the Lifetime Planning and Tender Living Care businesses on 1 August 2011.

Contribution to consolidated profit from ordinary activities since the date on which control was acquired is not material to the understanding of the financial report.

#### **Half year ended 31 December 2010**

- Equity Superannuation Administration Pty Ltd (formerly OAMPS Superannuation Management Pty Ltd)
- Apex Super Limited (formerly OAMPS Superannuation Ltd)

Control of these entities was gained on 1 November 2010.

Contribution to consolidated profit from ordinary activities since the date on which control was acquired was not material to the understanding of the financial report.

There were no entities where control was lost during the period that had a material impact on the results (Dec 2010 nil).

### **Audit**

A review of the financial statements has been completed with an unqualified conclusion expressed by the auditor. A copy of the review opinion is attached.

### **Commentary**

**For additional commentary, refer to the Directors' Report and separate ASX release covering the Announcement of Results and Shareholder Presentation.**

**Equity Trustees Limited**  
**ABN 46 004 031 298**

**Consolidated Half Year Financial Report**  
**for the half year ended**  
**31 December 2011**

# Equity Trustees Limited

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# **Equity Trustees Limited**

**ABN 46 004 031 298**

## **Directors' Report**

The directors of Equity Trustees Limited submit herewith the financial report for Equity Trustees Limited and its subsidiaries (the Group) for the half year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half year are:

J A (Tony) Killen OAM, Chairman  
Robin B O Burns, Managing Director  
David F Groves, Deputy Chairman  
John R McConnell (resigned 28 October 2011)  
Alice J M Williams  
The Hon Jeffrey G Kennett AC  
Anne M O'Donnell  
Kevin J Eley (appointed 25 November 2011)

### **Review of Operations**

The directors of Equity Trustees Limited report a net profit after tax for the half year ended 31 December 2011 of \$3,872,306 which is a 4.6% increase on the net profit after tax of \$3,701,346 for the prior corresponding period. The increased profitability has occurred due to new and organic business growth, including the acquisition of the Aged Care business. Although revenue has increased, it has been adversely impacted by equity markets which were lower during the first half of the current financial year compared to the corresponding prior period.

The result for the period includes an after tax profit on sale of investments of \$227,996 (2010: \$192,009). This profit arises from the rebalancing of the long term investment portfolio.

The earnings per share (undiluted) for the half year period was 45.08 cents per share (2010: 43.85 cents), representing a 2.8% increase in comparison to the corresponding prior period. This is based on the weighted average shares on issue during the period of 8,589,157 (2010: 8,441,523).

During the half year, the Equity Trustees Group acquired an advisory business specialising in the aged care sector. Information regarding this acquisition is contained in note 3 to the accounts.

At 31 December 2011 the investment revaluation reserve contained a net of tax unrealised gain of \$641,682 (June 2011: \$1,354,263).

Net assets are \$55,138,485 a decrease of \$295,147 on the position at 30 June 2011 of \$55,433,632. The Company's \$5 million net tangible asset licence requirement has been adequately met throughout the first half of the year.

**Equity Trustees Limited**  
**ABN 46 004 031 298**

## **Directors' Report (cont'd)**

### **Dividends**

During the half year period the company paid a fully franked final dividend of 50 cents per share in respect of the financial year ended 30 June 2011.

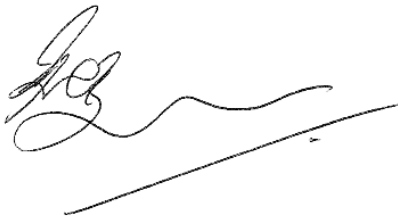
Subsequent to 31 December 2011, the directors have declared a fully franked interim dividend of 40 cents per share in respect of the financial year ending 30 June 2012.

### **Auditor's Independence Declaration**

The Auditor's Independence Declaration is included on page 4 of the half year report.

Signed in accordance with a resolution of the directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'R. Burns', followed by a long horizontal line extending to the right.

Mr Robin B O Burns  
Managing Director  
Melbourne, 27 February 2012

The Board of Directors  
Equity Trustees Limited  
Level 2, 575 Bourke Street  
MELBOURNE VIC 3000

27 February 2012

Dear Board Members

## **Equity Trustees Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Equity Trustees Limited.

As lead audit partner for the review of the financial statements of Equity Trustees Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



G J McLean  
Partner  
Chartered Accountants

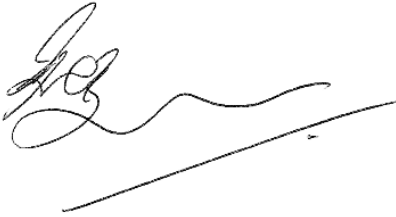
## Directors' Declaration

The directors declare that:

- a) 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; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'R. Burns', followed by a long horizontal line extending to the right.

Mr Robin B O Burns  
Managing Director  
Melbourne, 27 February 2012

**Equity Trustees Limited**  
**Condensed Consolidated Income Statement**  
**for the half year ended 31 December 2011**

|                                                                       | Note | Consolidated      |                   |
|-----------------------------------------------------------------------|------|-------------------|-------------------|
|                                                                       |      | Half year ended   | Half year ended   |
|                                                                       |      | 31 Dec 2011       | 31 Dec 2010       |
|                                                                       |      | \$                | \$                |
| <b>Continuing operations</b>                                          |      |                   |                   |
| Revenue                                                               |      | 20,524,538        | 18,234,415        |
| Other revenue                                                         |      | 536,397           | 715,052           |
| <b>Total revenue</b>                                                  |      | <b>21,060,935</b> | <b>18,949,467</b> |
| Employee benefits expenses                                            |      | 10,972,839        | 9,070,881         |
| Other employment and consulting expenses                              |      | 796,274           | 690,944           |
| Audit and tax advice expenses                                         |      | 176,686           | 232,645           |
| Depreciation and amortisation expenses                                |      | 566,057           | 381,915           |
| Management rights amortisation                                        |      | 115,925           | 98,636            |
| Insurance expenses                                                    |      | 275,020           | 255,784           |
| Financial, legal and regulatory expenses                              |      | 218,975           | 294,346           |
| Marketing expenses                                                    |      | 744,370           | 478,530           |
| Information technology expenses                                       |      | 742,083           | 679,164           |
| Occupancy expenses                                                    |      | 693,463           | 704,179           |
| Other expenses                                                        |      | 394,491           | 777,615           |
| <b>Total expenses</b>                                                 |      | <b>15,696,183</b> | <b>13,664,639</b> |
| <b>Net profit before income tax expense</b>                           |      | <b>5,364,752</b>  | <b>5,284,828</b>  |
| Income tax expense                                                    |      | (1,492,446)       | (1,583,482)       |
| <b>Net profit after income tax expense from continuing operations</b> |      | <b>3,872,306</b>  | <b>3,701,346</b>  |
| <b>Arributable to:</b>                                                |      |                   |                   |
| Owners of the parent entity                                           |      | 3,874,090         | 3,701,346         |
| Loss attributable to minority interest                                |      | (1,784)           | -                 |
|                                                                       |      | <b>3,872,306</b>  | <b>3,701,346</b>  |
| <b>Earnings per share</b>                                             |      |                   |                   |
| - Basic (cents per share)                                             |      | <b>45.08</b>      | <b>43.85</b>      |
| - Diluted (cents per share)                                           |      | <b>44.74</b>      | <b>43.44</b>      |

The above statement should be read in conjunction with the accompanying notes to the financial statements.

**Equity Trustees Limited**  
**Condensed Consolidated Statement of Comprehensive Income**  
**for the half year ended 31 December 2011**

| Note                                                                   | Consolidated     |                  |
|------------------------------------------------------------------------|------------------|------------------|
|                                                                        | Half year ended  | Half year ended  |
|                                                                        | 31 Dec 2011      | 31 Dec 2010      |
|                                                                        | \$               | \$               |
| <b>Net profit after income tax expense from continuing operations</b>  | <b>3,872,306</b> | <b>3,701,346</b> |
| <b>Other comprehensive income</b>                                      |                  |                  |
| Realised (gain)/loss on sale of available-for-sale investments         | (325,709)        | (272,864)        |
| Increase/(decrease) from revaluation of available-for-sale investments | (662,812)        | 760,749          |
| Income tax relating to components of other comprehensive income        | 275,940          | (147,371)        |
| <b>Total comprehensive income for the period</b>                       | <b>3,159,725</b> | <b>4,041,860</b> |
| Comprehensive income attributable to owners of the parent entity       | 3,161,509        | 4,041,860        |
| Comprehensive income attributable to minority interest                 | (1,784)          | -                |
|                                                                        | <b>3,159,725</b> | <b>4,041,860</b> |

The above statement should be read in conjunction with the accompanying notes to the financial statements.

**Equity Trustees Limited**  
**Condensed Consolidated Statement of Financial Position**  
**as at 31 December 2011**

|                                                     | Note | Consolidated      |                   |
|-----------------------------------------------------|------|-------------------|-------------------|
|                                                     |      | 31 Dec 2011       | 30 Jun 2011       |
|                                                     |      | \$                | \$                |
| <b>Current assets</b>                               |      |                   |                   |
| Cash and cash equivalents                           |      | 4,510,934         | 6,252,593         |
| Trade and other receivables                         |      | 4,239,348         | 3,814,936         |
| Other                                               |      | 2,472,334         | 2,753,751         |
| <b>Total current assets</b>                         |      | <b>11,222,616</b> | <b>12,821,280</b> |
| <b>Non-current assets</b>                           |      |                   |                   |
| Trade and other receivables                         |      | 516,759           | 209,194           |
| Other financial assets                              |      | 3,213,172         | 4,870,526         |
| Property, plant and equipment                       |      | 998,728           | 985,322           |
| Intangible assets                                   |      | 33,251,208        | 33,133,855        |
| Deferred tax assets                                 |      | 1,437,600         | 1,584,613         |
| Goodwill                                            | 4    | 9,432,879         | 8,272,592         |
| <b>Total non-current assets</b>                     |      | <b>48,850,346</b> | <b>49,056,102</b> |
| <b>Total assets</b>                                 |      | <b>60,072,962</b> | <b>61,877,382</b> |
| <b>Current liabilities</b>                          |      |                   |                   |
| Trade and other payables                            |      | 504,092           | 359,729           |
| Provisions                                          |      | 1,608,860         | 2,455,327         |
| Other current liabilities                           |      | 88,978            | 49,781            |
| Current tax payable                                 |      | 399,098           | 1,312,219         |
| <b>Total current liabilities</b>                    |      | <b>2,601,028</b>  | <b>4,177,056</b>  |
| <b>Non-current liabilities</b>                      |      |                   |                   |
| Provisions                                          |      | 1,564,416         | 1,332,515         |
| Other non-current liabilities                       |      | 491,459           | 380,665           |
| Deferred tax liabilities - investment revaluation   |      | 277,574           | 553,514           |
| <b>Total non-current liabilities</b>                |      | <b>2,333,449</b>  | <b>2,266,694</b>  |
| <b>Total liabilities</b>                            |      | <b>4,934,477</b>  | <b>6,443,750</b>  |
| <b>Net assets</b>                                   |      | <b>55,138,485</b> | <b>55,433,632</b> |
| <b>Equity</b>                                       |      |                   |                   |
| Issued capital                                      | 6    | 44,078,205        | 43,489,257        |
| Investment revaluation reserve                      |      | 641,682           | 1,354,263         |
| Other reserves                                      |      | 755,420           | 515,502           |
| Retained earnings                                   |      | 9,664,937         | 10,074,585        |
| <b>Equity attributable to owners of the Company</b> |      | <b>55,140,244</b> | <b>55,433,607</b> |
| Non-controlling interests                           |      | (1,759)           | 25                |
| <b>Total equity</b>                                 |      | <b>55,138,485</b> | <b>55,433,632</b> |

The above statement should be read in conjunction with the accompanying notes to the financial statements.

**Equity Trustees Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
**for the half year ended 31 December 2011**

|                                                             | Reserves                         |                           |                               |                      |                                            |                                  | Total Equity |
|-------------------------------------------------------------|----------------------------------|---------------------------|-------------------------------|----------------------|--------------------------------------------|----------------------------------|--------------|
|                                                             | Fully paid<br>ordinary<br>shares | Investment<br>revaluation | Equity<br>settled<br>benefits | Retained<br>earnings | Attributable<br>to owners<br>of the parent | Non-<br>controlling<br>interests |              |
|                                                             | \$                               | \$                        | \$                            | \$                   | \$                                         | \$                               | \$           |
| <b>Balance at 1 July 2010</b>                               | 40,955,514                       | 1,270,071                 | 573,593                       | 11,137,061           | 53,936,239                                 | -                                | 53,936,239   |
| Profit for the period                                       | -                                | -                         | -                             | 3,701,346            | 3,701,346                                  | -                                | 3,701,346    |
| Increase from revaluation of available for sale investments | -                                | 760,749                   | -                             | -                    | 760,749                                    | -                                | 760,749      |
| Related income tax                                          | -                                | (228,226)                 | -                             | -                    | (228,226)                                  | -                                | (228,226)    |
| Gain on sale of available for sale investments              | -                                | (272,864)                 | -                             | -                    | (272,864)                                  | -                                | (272,864)    |
| Related income tax                                          | -                                | 80,855                    | -                             | -                    | 80,855                                     | -                                | 80,855       |
| <b>Total comprehensive income for the period</b>            | -                                | 340,514                   | -                             | 3,701,346            | 4,041,860                                  | -                                | 4,041,860    |
| Shares issued under employee share acquisition plan         | 136,896                          | -                         | -                             | -                    | 136,896                                    | -                                | 136,896      |
| Shares issued under dividend reinvestment plan              | 1,266,224                        | -                         | -                             | -                    | 1,266,224                                  | -                                | 1,266,224    |
| Share issue costs                                           | (6,752)                          | -                         | -                             | -                    | (6,752)                                    | -                                | (6,752)      |
| Related income tax                                          | 2,025                            | -                         | -                             | -                    | 2,025                                      | -                                | 2,025        |
| Release of executive share entitlement provision            | -                                | -                         | (76,437)                      | -                    | (76,437)                                   | -                                | (76,437)     |
| Provision for executive share entitlements                  | -                                | -                         | 208,673                       | -                    | 208,673                                    | -                                | 208,673      |
| Release of employee share acquisition plan provision        | -                                | -                         | (143,000)                     | -                    | (143,000)                                  | -                                | (143,000)    |
| Payment of dividends                                        | -                                | -                         | -                             | (5,044,368)          | (5,044,368)                                | -                                | (5,044,368)  |
| <b>Balance at 31 December 2010</b>                          | 42,353,907                       | 1,610,585                 | 562,829                       | 9,794,039            | 54,321,360                                 | -                                | 54,321,360   |
| <b>Balance at 1 July 2011</b>                               | 43,489,257                       | 1,354,263                 | 515,502                       | 10,074,585           | 55,433,607                                 | 25                               | 55,433,632   |
| Profit/(loss) for the period                                | -                                | -                         | -                             | 3,874,090            | 3,874,090                                  | (1,784)                          | 3,872,306    |
| Decrease from revaluation of available for sale investments | -                                | (662,812)                 | -                             | -                    | (662,812)                                  | -                                | (662,812)    |
| Related income tax                                          | -                                | 178,227                   | -                             | -                    | 178,227                                    | -                                | 178,227      |
| Gain on sale of available for sale investments              | -                                | (325,709)                 | -                             | -                    | (325,709)                                  | -                                | (325,709)    |
| Related income tax                                          | -                                | 97,713                    | -                             | -                    | 97,713                                     | -                                | 97,713       |
| <b>Total comprehensive income for the period</b>            | -                                | (712,581)                 | -                             | 3,874,090            | 3,161,509                                  | (1,784)                          | 3,159,725    |
| Shares issued under employee salary sacrifice share plan    | 27,228                           | -                         | -                             | -                    | 27,228                                     | -                                | 27,228       |
| Shares issued under dividend reinvestment plan              | 565,146                          | -                         | -                             | -                    | 565,146                                    | -                                | 565,146      |
| Share issue costs                                           | (4,894)                          | -                         | -                             | -                    | (4,894)                                    | -                                | (4,894)      |
| Related income tax                                          | 1,468                            | -                         | -                             | -                    | 1,468                                      | -                                | 1,468        |
| Provision for executive share entitlements                  | -                                | -                         | 139,918                       | -                    | 139,918                                    | -                                | 139,918      |
| Provision for employee share acquisition plan               | -                                | -                         | 100,000                       | -                    | 100,000                                    | -                                | 100,000      |
| Payment of dividends                                        | -                                | -                         | -                             | (4,283,738)          | (4,283,738)                                | -                                | (4,283,738)  |
| <b>Balance at 31 December 2011</b>                          | 44,078,205                       | 641,682                   | 755,420                       | 9,664,937            | 55,140,244                                 | (1,759)                          | 55,138,485   |

The above statement should be read in conjunction with the accompanying notes to the financial statements.

**Equity Trustees Limited**  
**Condensed Consolidated Statement of Cash Flows**  
**for the half year ended 31 December 2011**

|                                                                                                           | <b>Consolidated</b>                    |                                        |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
|                                                                                                           | <b>Half-year ended<br/>31 Dec 2011</b> | <b>Half-year ended<br/>31 Dec 2010</b> |
| <b>Notes</b>                                                                                              | <b>\$</b>                              | <b>\$</b>                              |
| <b>Cash flows from operating activities</b>                                                               |                                        |                                        |
| Receipts from customers                                                                                   | 24,528,971                             | 19,411,028                             |
| Payments to suppliers and employees                                                                       | (19,685,087)                           | (14,689,394)                           |
| Income tax paid                                                                                           | (2,236,421)                            | (1,508,955)                            |
| <b>Net cash provided by operating activities</b>                                                          | <b>2,607,463</b>                       | <b>3,212,679</b>                       |
| <b>Cash flows from investing activities</b>                                                               |                                        |                                        |
| Proceeds on sale of investment securities                                                                 | 1,025,457                              | 4,647,630                              |
| Interest received                                                                                         | 159,641                                | 401,569                                |
| Dividends received                                                                                        | 42,777                                 | 136,652                                |
| Payment for property, plant and equipment                                                                 | (219,755)                              | (49,721)                               |
| Payment for intangible assets                                                                             | (221,130)                              | (642,875)                              |
| Payment for businesses                                                                                    | (1,384,589)                            | (10,616,206)                           |
| <b>Net cash (used in) / provided by investing activities</b>                                              | <b>(597,599)</b>                       | <b>(6,122,951)</b>                     |
| <b>Cash flows from financing activities</b>                                                               |                                        |                                        |
| Proceeds from issues of equity securities                                                                 | (27,253)                               | -                                      |
| Payment for share issue costs                                                                             | (4,894)                                | (6,752)                                |
| Dividend paid to members of the parent entity (net of shares issued under the dividend reinvestment plan) | (3,719,376)                            | (3,778,589)                            |
| <b>Net cash (used in) / provided by financing activities</b>                                              | <b>(3,751,523)</b>                     | <b>(3,785,341)</b>                     |
| <b>Net (decrease) / increase in cash and cash equivalents</b>                                             | <b>(1,741,659)</b>                     | <b>(6,695,613)</b>                     |
| <b>Cash and cash equivalents at the beginning of the half-year</b>                                        | <b>6,252,593</b>                       | <b>9,908,380</b>                       |
| <b>Cash and cash equivalents at the end of the half-year</b>                                              | <b>4,510,934</b>                       | <b>3,212,767</b>                       |
| <b>Reconciliation of cash</b>                                                                             |                                        |                                        |
| Cash and cash equivalents                                                                                 | 4,510,934                              | 3,025,489                              |
| Short term deposits - other current financial assets                                                      | -                                      | 187,278                                |
|                                                                                                           | <b>4,510,934</b>                       | <b>3,212,767</b>                       |

The above statement should be read in conjunction with the accompanying notes to the financial statements.

**Equity Trustees Limited**  
**Notes to the Condensed Consolidated Financial Statements**  
**for half year ended 31 December 2011**

**1. Summary of accounting policies**

**Statement of compliance**

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half year financial report does not include notes of the type normally included in an annual financial report and should 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 financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

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 annual financial report for the financial year ended 30 June 2011, except for the impact of the Australian Accounting Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group.

The adoption of all the new and revised Standards and Interpretations have not resulted in any changes to the Group's accounting policies and have no affect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half year financial statements.

**Equity Trustees Limited**  
**Notes to the Condensed Consolidated Financial Statements**  
**for the half year ended 31 December 2011**

|                             | Half year ended<br>31 Dec 2011 |           | Half year ended<br>31 Dec 2010 |           |
|-----------------------------|--------------------------------|-----------|--------------------------------|-----------|
|                             | Cents per<br>share             | \$        | Cents per<br>share             | \$        |
| <b>2. Dividends</b>         |                                |           |                                |           |
| <u>Recognised amounts</u>   |                                |           |                                |           |
| Fully paid ordinary shares  |                                |           |                                |           |
| Final dividend              | 50.00                          | 4,283,738 | 60.00                          | 5,044,368 |
| <u>Unrecognised amounts</u> |                                |           |                                |           |
| Fully paid ordinary shares  |                                |           |                                |           |
| Interim dividend            | 40.00                          | 3,447,190 | 50.00                          | 4,246,920 |

**3. Acquisition of businesses**

**Half year ended 31 December 2011**

Effective 1 August 2011, the Group acquired 100% of an advisory business specialising in the aged care sector (Aged Care business). This business trades under the names Lifetime Planning, Tender Living Care and Aged Care Pathways.

**Half year ended 31 December 2010**

On 1 November 2010, the Group acquired a 100% interest in Equity Superannuation Administration Pty Ltd (formerly OAMPS Superannuation Management Pty Ltd) and Apex Super Limited (formerly OAMPS Superannuation Ltd) (the ESA companies).

These companies acted as administrator and trustee respectively for a superannuation master fund prior to the completion of the successor fund transfer in May 2011.

**Consideration**

Cash

| Half year ended |             |
|-----------------|-------------|
| 31 Dec 2011     | 31 Dec 2010 |
| \$              | \$          |
| 1,384,589       | 10,782,509  |

Acquisition-related costs amounting to \$65,960 (2010:\$222,393) have been excluded from the consideration transferred and have been recognised as an expense in the period in the income statement.

**Assets acquired and liabilities assumed at the date of acquisition**

|                                | Half year ended |             |
|--------------------------------|-----------------|-------------|
|                                | 31 Dec 2011     | 31 Dec 2010 |
|                                | \$              | \$          |
| <b>Current assets</b>          |                 |             |
| Cash and cash equivalents      | -               | 166,303     |
| Trade and other receivables    | -               | 211,784     |
| Other current assets           | 10,306          | 25,680      |
| <b>Non-current assets</b>      |                 |             |
| Property, plant and equipment  | 7,761           | 129,961     |
| Intangible assets              | 331,953         | 10,250,000  |
| Deferred tax assets            | 20,664          | 31,945      |
| <b>Current liabilities</b>     |                 |             |
| Trade and other payables       | -               | (33,199)    |
| Employee entitlements          | (131,242)       | (42,226)    |
| <b>Non-current liabilities</b> |                 |             |
| Provisions                     | (2,500)         | -           |
| Employee entitlements          | (12,640)        | -           |
|                                | 224,302         | 10,740,248  |

No trade receivables were acquired (2010: Trade receivables acquired with a fair value of \$211,784 had gross contractual amounts of \$211,784. The best estimate at acquisition date of the contractual cashflows not expected to be collected is nil.)

The initial accounting for the acquisition of the Aged Care business has only been provisionally determined at the end of the interim reporting period. At the date of the finalisation of this interim financial report, the necessary valuations and other calculations had not been finalised and the fair values of the assets and liabilities have only been provisionally determined based on the directors' best estimate of the likely fair values.

**Equity Trustees Limited**  
**Notes to the Condensed Consolidated Financial Statements**  
**for the half year ended 31 December 2011**

**3. Acquisition of businesses (cont'd)**

**Goodwill arising on acquisition**

Consideration  
Less fair value of identifiable net assets acquired  
Goodwill arising on acquisition

| Half year ended |              |
|-----------------|--------------|
| 31 Dec 2011     | 31 Dec 2010  |
| \$              | \$           |
| 1,384,589       | 10,782,509   |
| (224,302)       | (10,740,248) |
| 1,160,287       | 42,261       |

Goodwill arose in relation to the acquisition of the Aged Care business (2010: ESA companies) because the acquisition results in synergies that cannot be separately recognised from goodwill as they are not capable of being separated. None of the goodwill arising in relation to this acquisition is expected to be tax deductible.

**Net cash outflow arising on acquisition**

Consideration paid in cash  
less cash and cash equivalent balances acquired

| Half year ended |             |
|-----------------|-------------|
| 31 Dec 2011     | 31 Dec 2010 |
| \$              | \$          |
| 1,384,589       | 10,782,509  |
| -               | (166,303)   |
| 1,384,589       | 10,616,206  |

**Impact of acquisition on the results of the Group**

The amount included in the profit for the interim period is not material to the results. The revenue for the period includes \$532,342 in respect of the Aged Care business (2010: \$637,533 in respect of the ESA companies).

The directors of the Group consider that providing proforma numbers representing an approximate measure of the performance of the combined Group on an annualised basis would not be in the best interests of the Group as this information is commercially sensitive. Therefore, no disclosure has been made (2010: no disclosure).

**4. Goodwill**

**Gross carrying amount**

Balance at beginning of the interim period  
Additional amounts recognised from business combinations occurring during the period (note 3)  
Balance at end of the interim period

| Half year ended |             |
|-----------------|-------------|
| 31 Dec 2011     | 31 Dec 2010 |
| \$              | \$          |
| 8,272,592       | 8,230,331   |
| 1,160,287       | 42,261      |
| 9,432,879       | 8,272,592   |

**Accumulated impairment losses**

Balance at beginning of the interim period  
Balance at end of the interim period

|   |   |
|---|---|
| - | - |
| - | - |

**Net book value**

At the beginning of the interim period  
At the end of the interim period

|           |           |
|-----------|-----------|
| 8,272,592 | 8,230,331 |
| 9,432,879 | 8,272,592 |

**4. Subsequent events**

There have been no material subsequent events (2010: Nil).

**5. Contingent liabilities and contingent assets**

Contingent liabilities exist in respect of certain trust and estate accounts that are overdrawn, however, these contingent liabilities are mitigated by the assets held by these trust and estate accounts which are considered ample to cover any contingent liability. There has been no change to contingent liabilities since the previous corresponding half-year period.

There are no contingent assets (2010: nil).

**6. Issuances of equity securities**

**Fully paid ordinary shares**

Opening balance 1 July  
Issue of shares under employee salary sacrifice share plan, net of share issue costs  
Issue of shares under employee share plan, net of share issue costs  
Issue of shares under dividend reinvestment plan - final dividend, net of share issue costs  
Income tax expense recognised directly in equity  
Closing balance 31 December

| Half year ended |            | Half year ended |            |
|-----------------|------------|-----------------|------------|
| 31 Dec 2011     |            | 31 Dec 2010     |            |
| No. of shares   | \$         | No. of shares   | \$         |
| 8,566,384       | 43,489,257 | 8,398,724       | 40,955,514 |
| 2,148           | 25,657     | -               | -          |
| -               | -          | 8,556           | 135,260    |
| 49,444          | 561,823    | 86,255          | 1,261,108  |
| -               | 1,468      | -               | 2,025      |
| 8,617,976       | 44,078,205 | 8,493,535       | 42,353,907 |

**Equity Trustees Limited**  
**Notes to the Condensed Consolidated Financial Statements**  
**for the half year ended 31 December 2011**

**7. 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 in order to allocate resources to the segments and to assess their performance.

Information reported to the Group's Managing Director for the purpose of resource allocation and assessment of performance is focused on the categories of services provided to customers. The principal categories of services are Wealth Services and Corporate Fiduciary and Financial Services (formerly called Investment Fund services). The Group's reportable segments under AASB 8 are as follows:

**Wealth Services**

The provision of personal asset management services, including wealth management, trust management, estate planning, executorial, taxation, philanthropic services, aged care services and a full service superannuation trustee, administration and investment service to employer superannuation funds.

**Corporate Fiduciary and Financial Services**

A range of services to Australian managed investment schemes and corporate trusts including management, facilitation of distribution, responsible entity and trustees roles, compliance and risk management.

Information regarding the Group's reportable segments is presented below. The accounting policies of the reportable segments under AASB 8 are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. There were no discontinued operations (2010: nil).

|                                            | <b>Half year ended</b>   |                          |
|--------------------------------------------|--------------------------|--------------------------|
|                                            | <b>31 Dec 2011</b>       | <b>31 Dec 2010</b>       |
|                                            | <b>\$</b>                | <b>\$</b>                |
| <b>Segment revenue</b>                     |                          |                          |
| Wealth Services                            | 12,637,395               | 10,647,591               |
| Corporate Fiduciary and Financial Services | 7,496,524                | 7,140,665                |
|                                            | <u>20,133,919</u>        | <u>17,788,256</u>        |
| Investment revenue                         | 493,456                  | 685,250                  |
| Other                                      | 433,560                  | 475,961                  |
| <b>Total revenue per income statement</b>  | <u><b>21,060,935</b></u> | <u><b>18,949,467</b></u> |

The revenue reported above represents revenue generated from external customers. There were no inter-segment revenues (2010: nil).

**Segment net profit before tax**

|                                                            |                         |                         |
|------------------------------------------------------------|-------------------------|-------------------------|
| Wealth Services                                            | 3,705,597               | 3,562,983               |
| Corporate Fiduciary and Financial Services                 | 3,433,938               | 3,644,915               |
|                                                            | <u>7,139,535</u>        | <u>7,207,898</u>        |
| Other unallocated expenditure                              | (2,568,534)             | (2,954,726)             |
| Investment revenue                                         | 493,456                 | 685,250                 |
| Other                                                      | 300,295                 | 346,406                 |
| <b>Total net profit before tax per statement of income</b> | <u><b>5,364,752</b></u> | <u><b>5,284,828</b></u> |

Segment profit represents the contribution earned by each segment without the allocation of central administration or support business unit costs, investment portfolio income, or income tax. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Groups assets by reportable operating segment:

|                                                             | <b>31 Dec 2011</b>       | <b>30 Jun 2011</b>       |
|-------------------------------------------------------------|--------------------------|--------------------------|
|                                                             | <b>\$</b>                | <b>\$</b>                |
| <b>Segment assets</b>                                       |                          |                          |
| Wealth Services                                             | 40,161,556               | 37,961,552               |
| Corporate Fiduciary and Financial Services                  | 6,582,960                | 7,012,559                |
| Unallocated                                                 | 13,328,446               | 16,903,271               |
| <b>Total assets per the statement of financial position</b> | <u><b>60,072,962</b></u> | <u><b>61,877,382</b></u> |

For the purpose of monitoring performance the chief operating decision maker reviews balance sheet items for the Group as a whole. The Group's assets and liabilities are not allocated to the reportable segments for management reporting purposes. The above segment assets are the assets directly attributable to each reportable segment. Shared assets have not been allocated to the reportable segments.

## **Independent Auditor's Review Report to the Members of Equity Trustees Limited**

We have reviewed the accompanying half-year financial report of Equity Trustees Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed income statement, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 14.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the consolidated entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Equity Trustees 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.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



G J McLean  
Partner  
Chartered Accountants  
27 February 2012



**Equity Trustees Limited**  
**Half Year Results to**  
**31 December 2011**

# Overview – HY2012



- Solid result given adverse investment market conditions.
- All business units performing satisfactorily for these conditions.
- Achieved organic revenue and FUM growth - varies across business lines.
- Interim dividend at 40 cps fully franked – 89% payout ratio.
- Restructuring of business is continuing – focus by client type vs. product.
- New EQT Aged Care Services unit integrated – specialised, attractive niche.
- Analysing next stage of IT/business process development and efficiency project.
- Both recent acquisitions operating to plan – EPS positive.
- Positive net inflows – but skew to defensive assets continues.
- Regular flow of acquisition opportunities for assessment.

# Overview – HY Group results



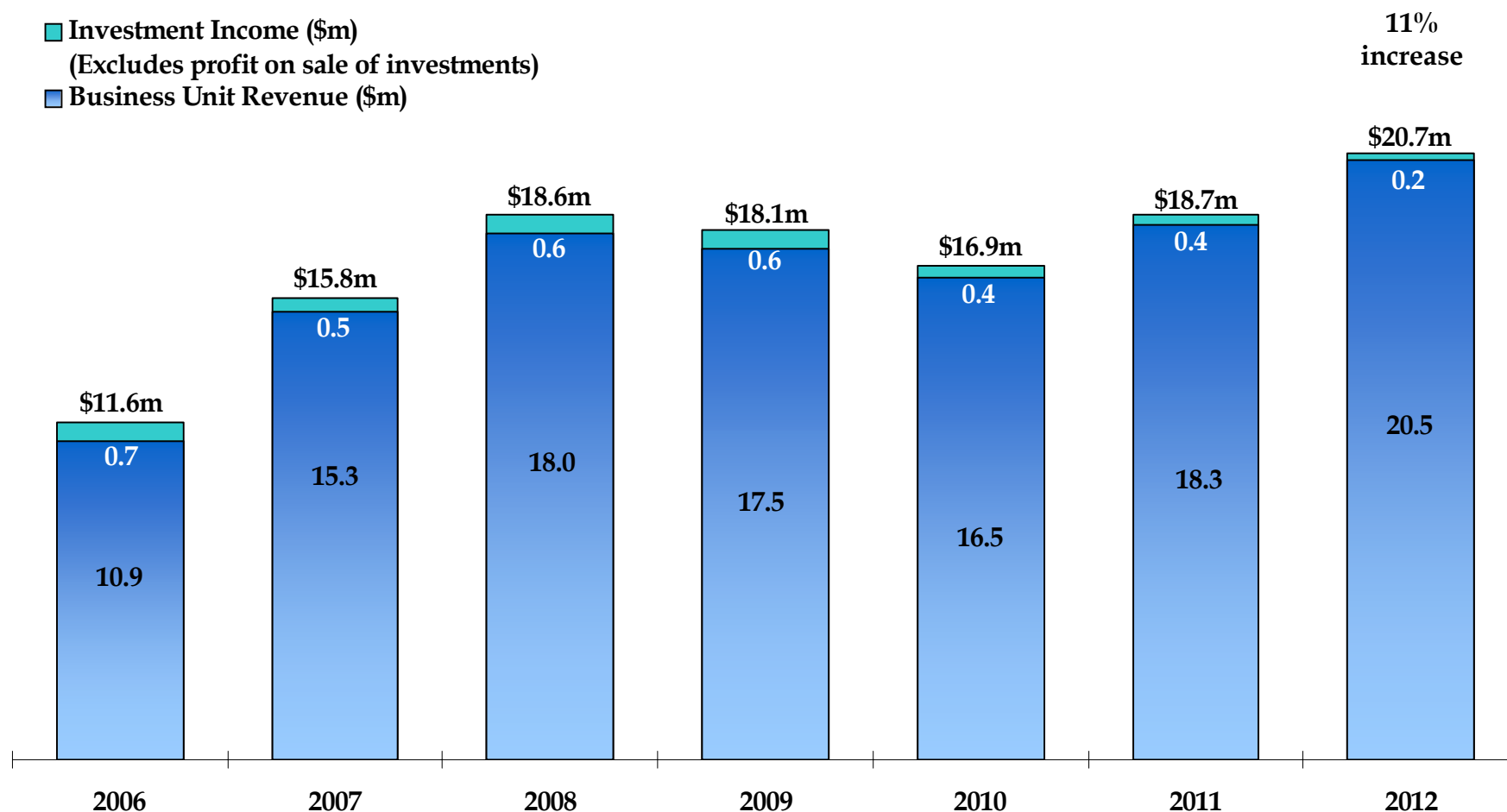
|                                                  | Half Year<br>31 Dec 2011<br>\$m | Half Year<br>31 Dec 2010<br>\$m | Change  |
|--------------------------------------------------|---------------------------------|---------------------------------|---------|
| Operating revenue                                | 20.7                            | 18.7                            | 11.0%   |
| Operating expenses                               | (15.7)                          | (13.7)                          | (14.9%) |
| <b>Operating profit before tax</b>               | 5.0                             | 5.0                             |         |
| Income tax expense                               | (1.4)                           | (1.5)                           |         |
| <b>Operating profit after tax</b>                | 3.6                             | 3.5                             | 3.8%    |
| Net profit from sale of investments (net of tax) | 0.3                             | 0.2                             |         |
| <b>Net profit after tax</b>                      | 3.9                             | 3.7                             | 4.6%    |
| <b>Earnings per share (cents)</b>                | 45.08¢                          | 43.85¢                          |         |
| Dividend per share (half year, fully franked)    | 40¢                             | 50¢                             |         |

# HY Revenue



- Revenue increased 11%
- Compound Annual Growth Rate 10.2%

■ Investment Income (\$m)  
(Excludes profit on sale of investments)  
■ Business Unit Revenue (\$m)

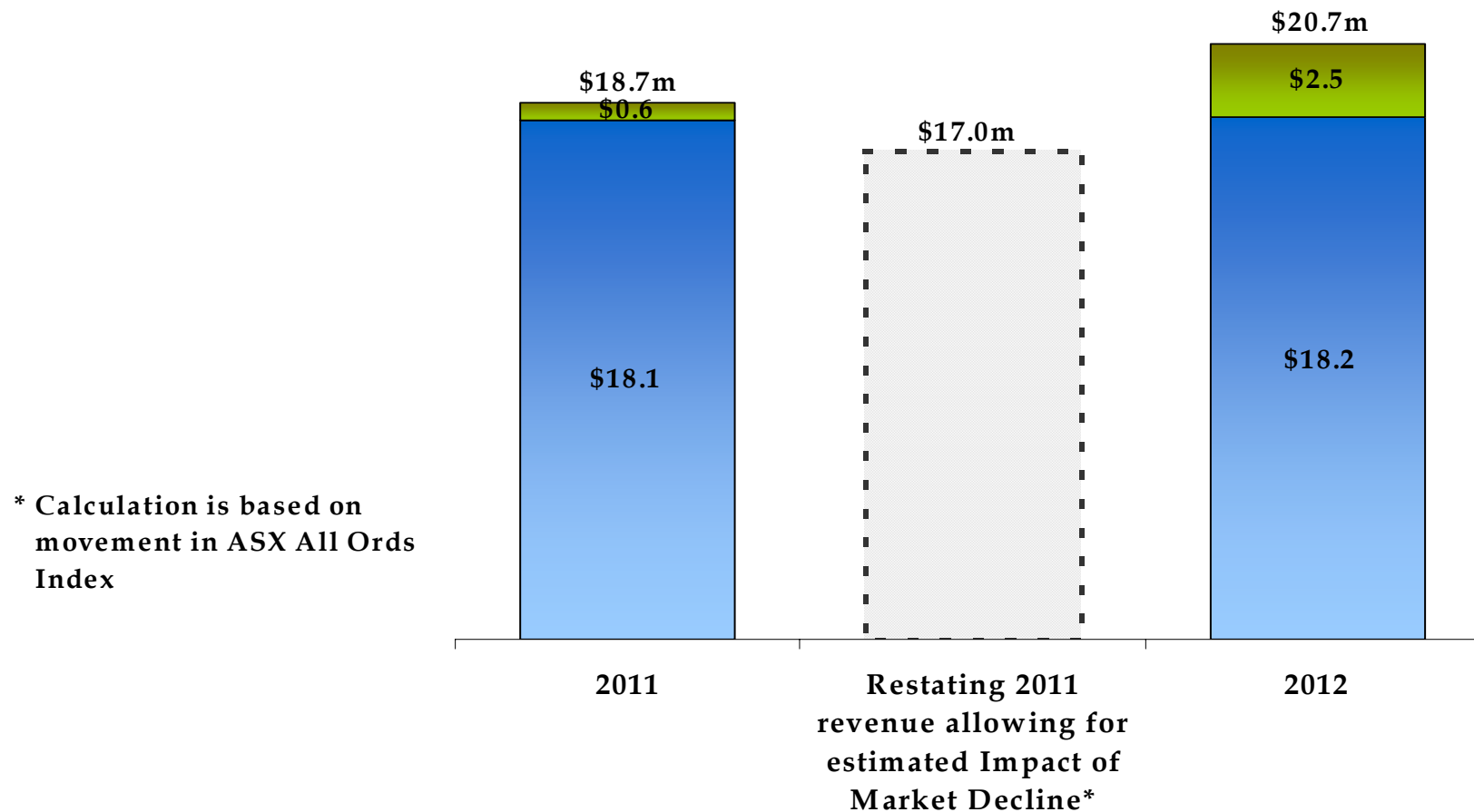


# HY Revenue composition



- Acquisition Revenue (\$m)
- Recurring Revenue (\$m)

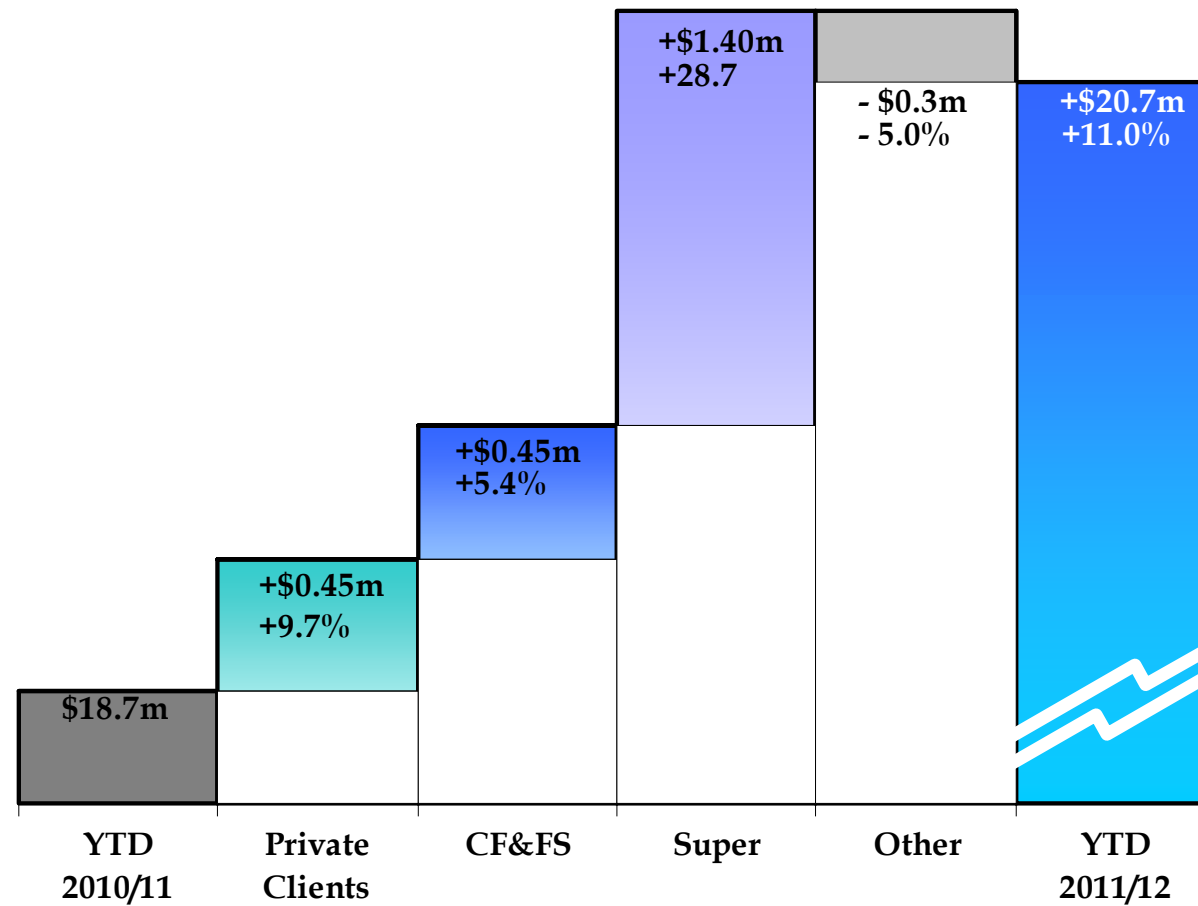
HY on HY  
Group Revenue  
increase by 11%



# HY Operating revenue - change



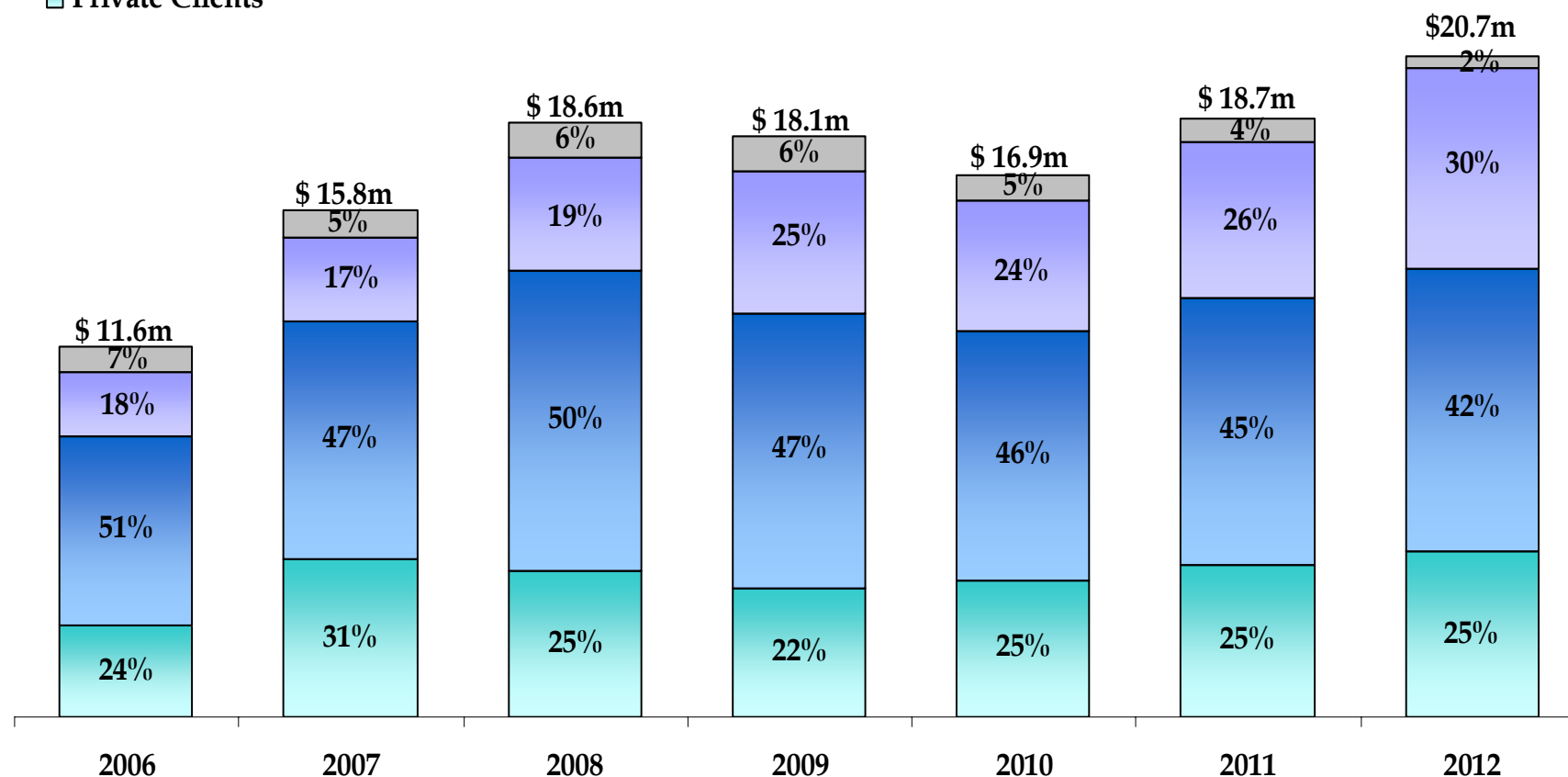
- Operating revenue up 11% to \$20.7m



# Operating revenue - composition



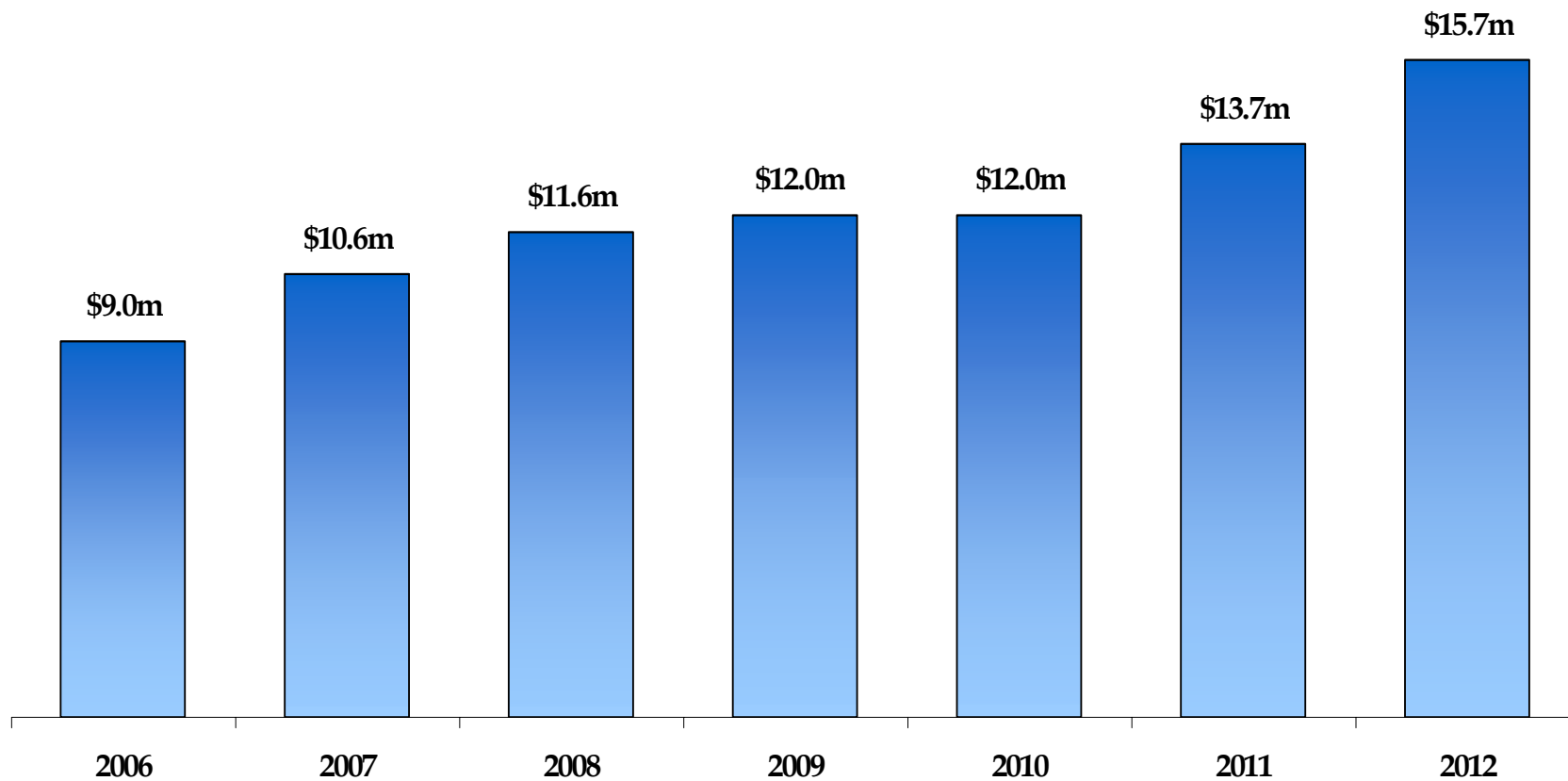
- Investment Income & Other
- Superannuation
- Corporate Fiduciary & Financial Services
- Private Clients



# HY Expenses



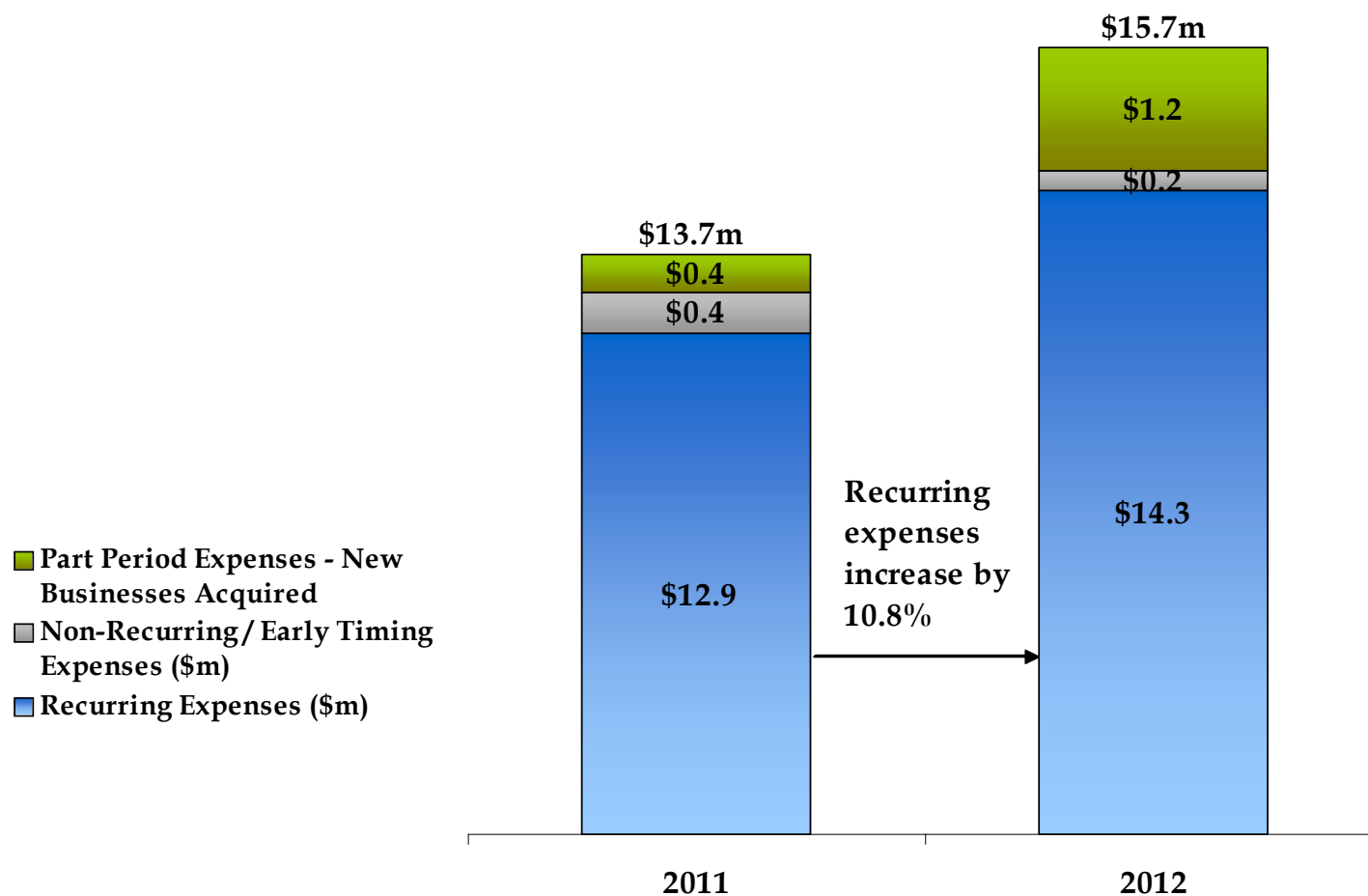
- Operating expenses increased 14.9%



# HY Expense composition



HY on HY, Group Expenses  
have increased by 14.9%

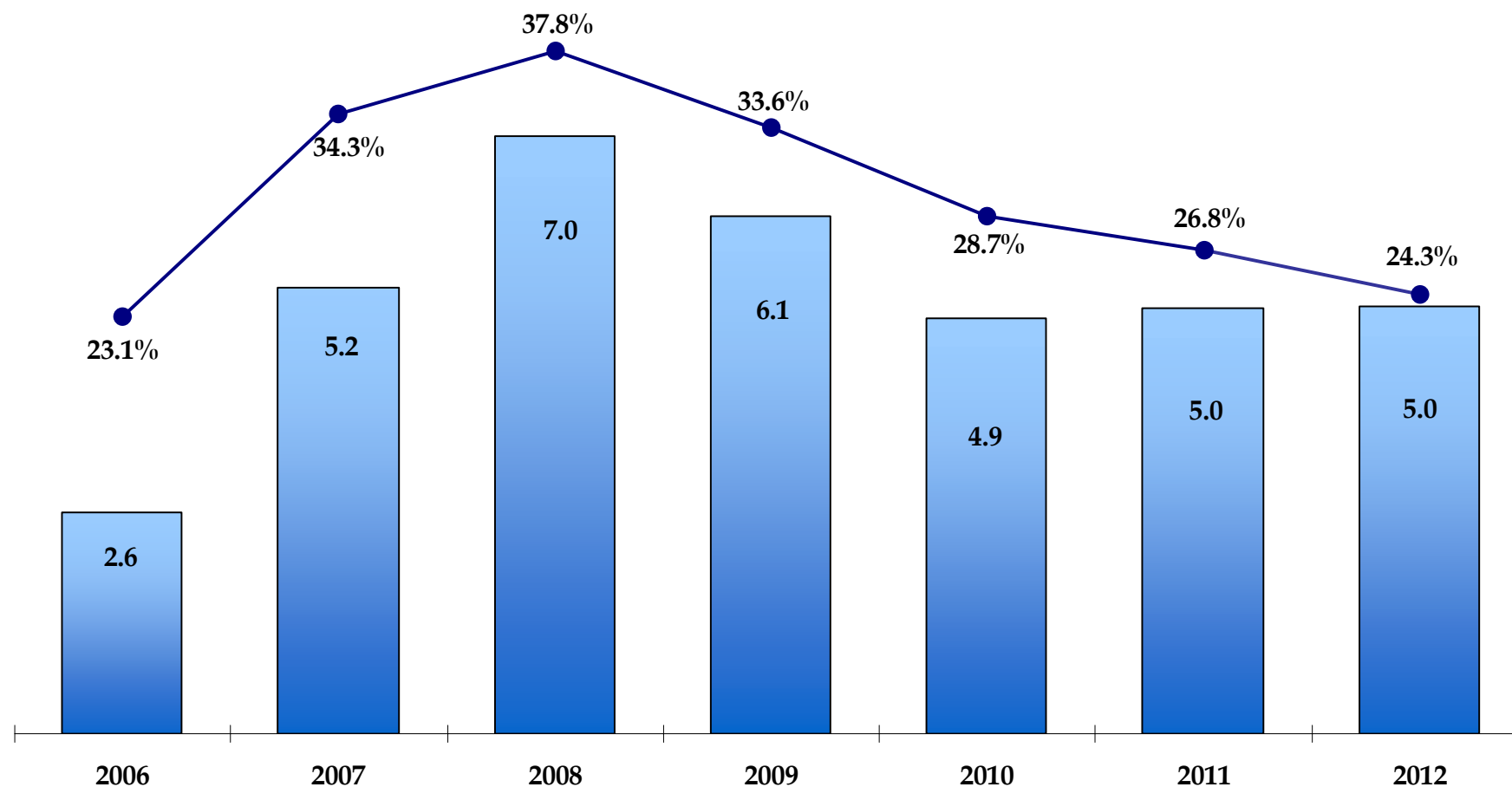


# HY Operating margin



Operating Profit (Pre tax) (\$m)

Operating Margin (%)  
(Not adjusted for non-recurring expenses)

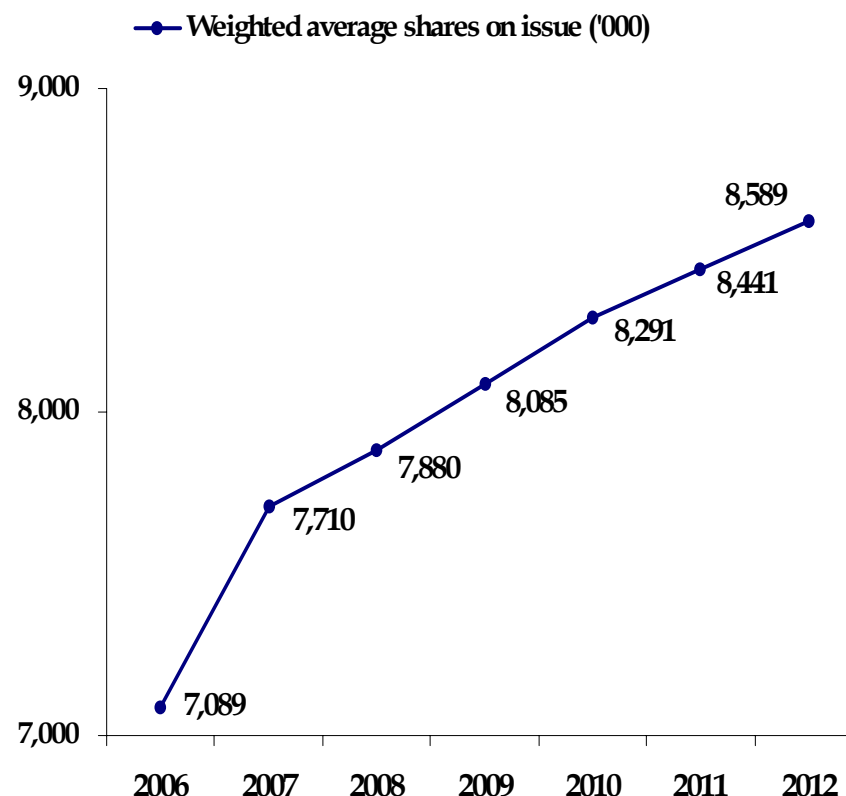
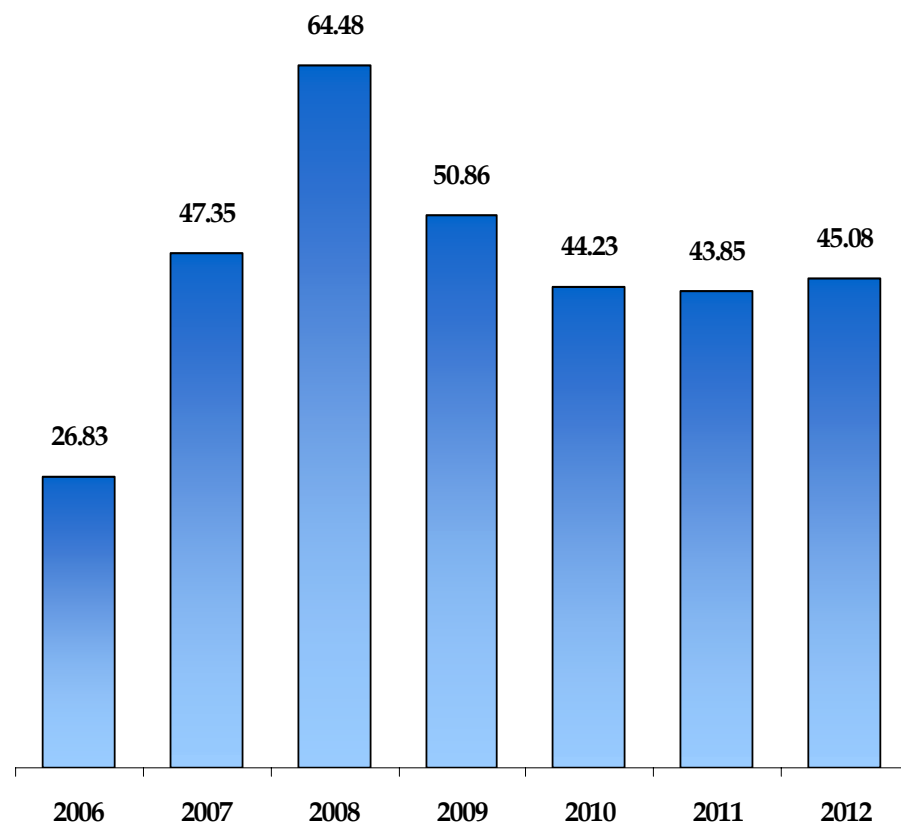


# HY Reported Earnings per Share



- Reported Earnings per Share up 2.81% to 45.08¢ per share

■ Earnings Per Share



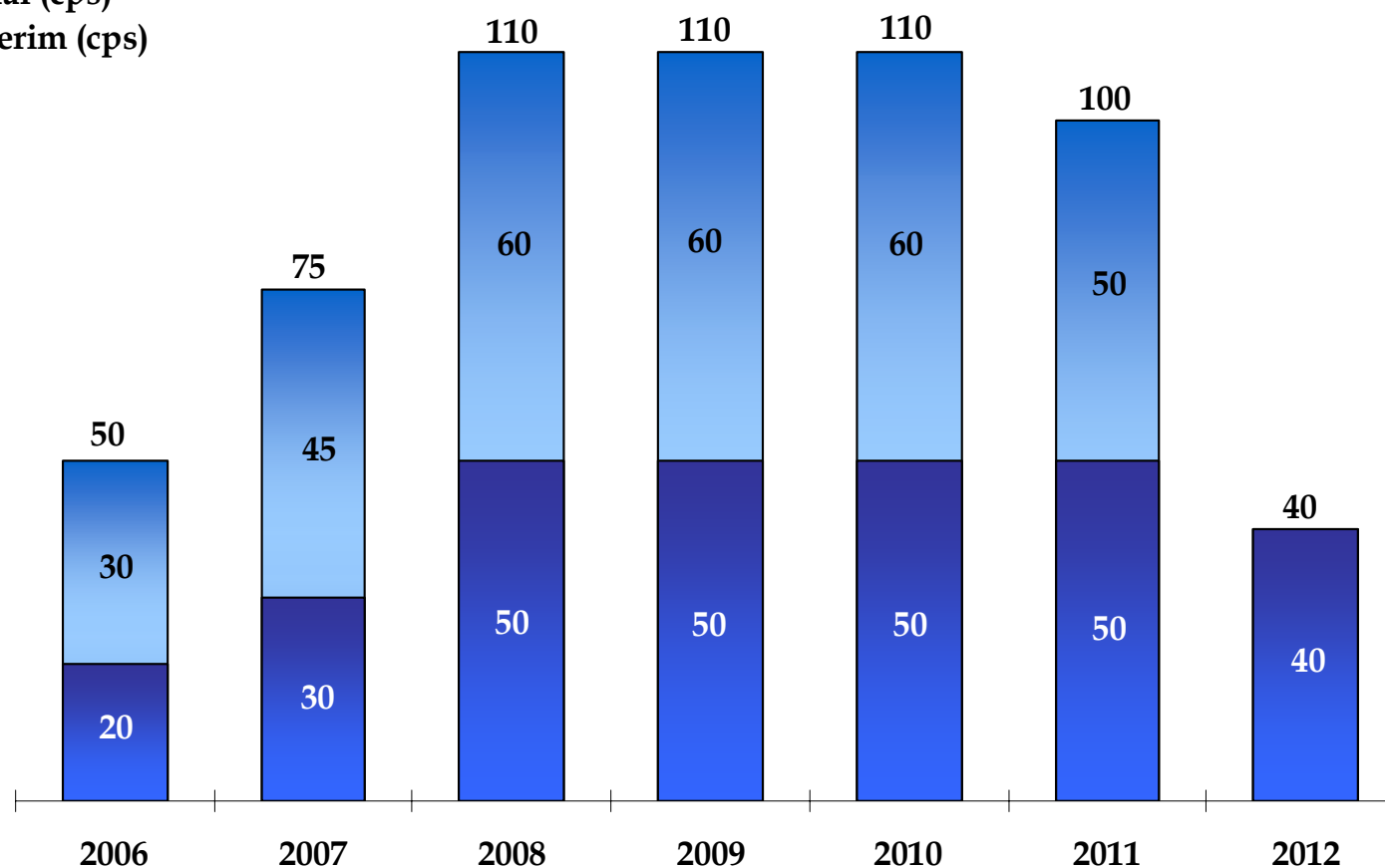
# Returns to shareholders



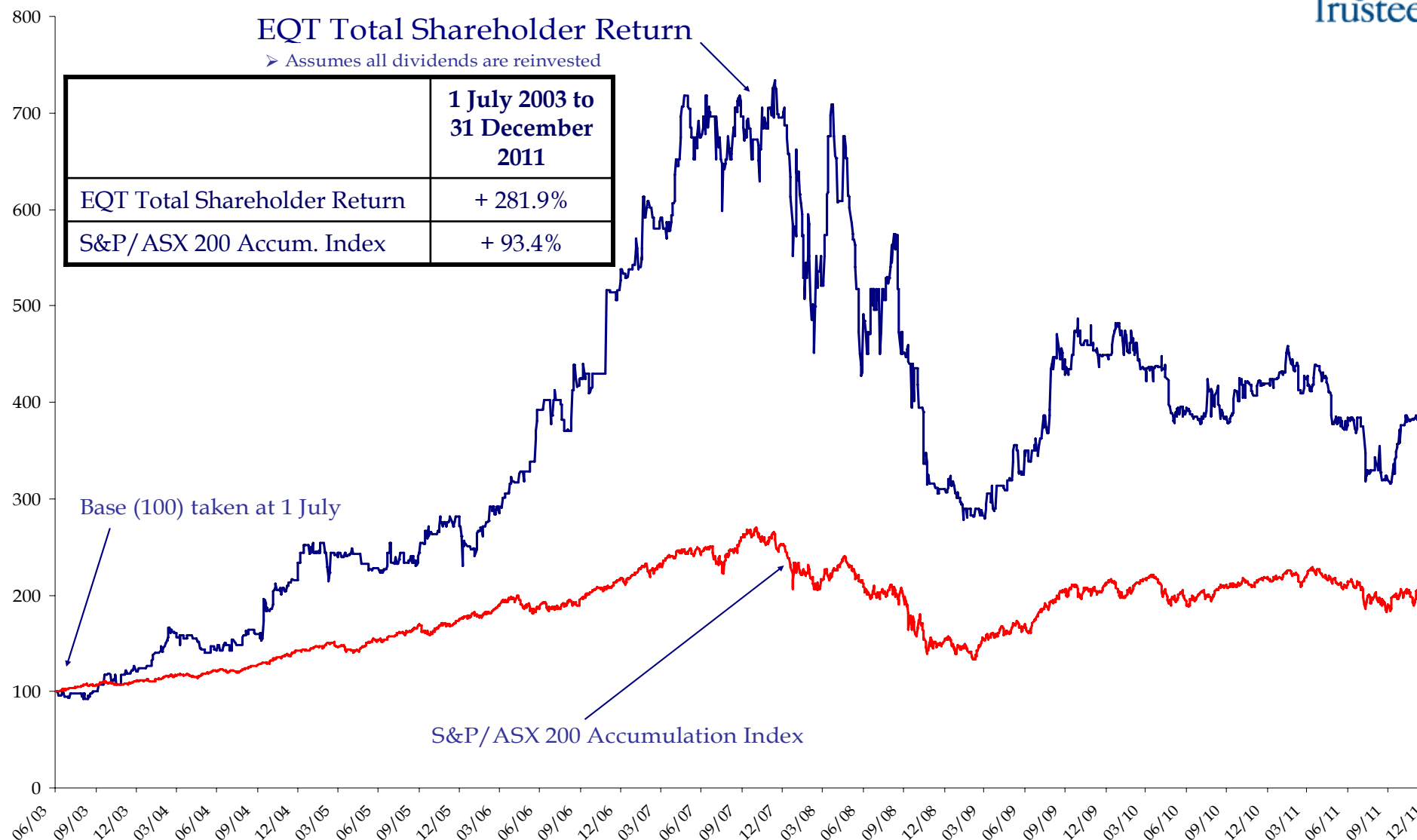
## ➤ Full year, fully franked dividend

- Reflecting a current yield of approximately 6.7% before franking credits.  
(using 2011 Final and 2012 Interim Dividends. EQT share price of \$13.40)

■ Final (cps)  
■ Interim (cps)



# Sustained shareholder return



*Trusted since 1888*

# Business units – operations & performance



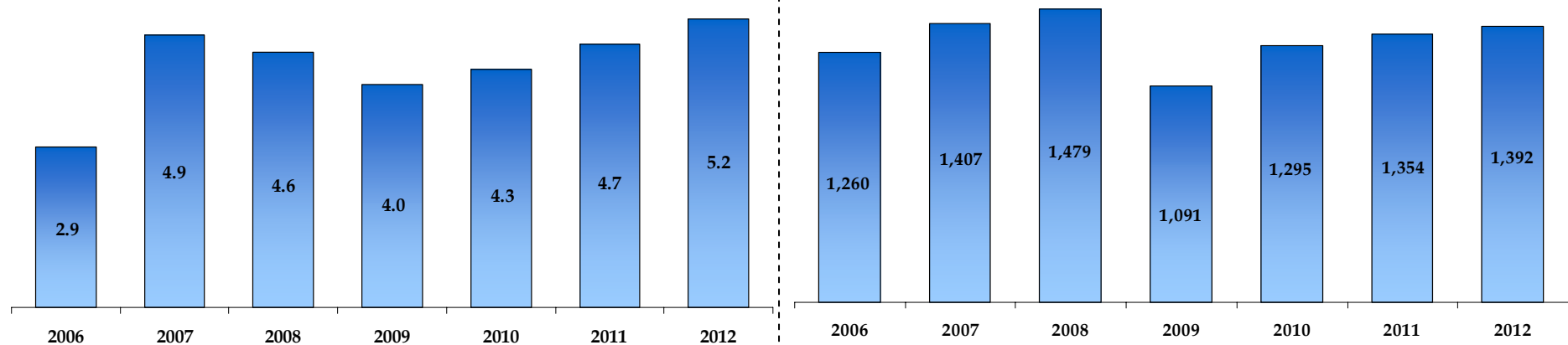
| Business unit                       | Key services                                                                                                                                                                            | Target market / channel                                                                                                         | 31 Dec 2011 Revenue,vs 31 Dec 2010 | 31 Dec 2011 FUM/FUA,vs 31 Dec 2010 |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Private Clients                     | <ul style="list-style-type: none"> <li>➤ Trusts &amp; Estates</li> <li>➤ Philanthropy</li> <li>➤ Wealth Management</li> <li>➤ Aged Care</li> <li>➤ Asset Management</li> </ul>          | <ul style="list-style-type: none"> <li>➤ Private clients</li> <li>➤ Business to business referrals</li> </ul>                   | \$5.2m<br>+9.8%                    | \$1,392m<br>+2.8%                  |
| Corporate Fiduciary & Fund Services | <ul style="list-style-type: none"> <li>➤ Distribution</li> <li>➤ Product management for EQT co-branded funds (managed by external specialists)</li> <li>➤ Responsible Entity</li> </ul> | <ul style="list-style-type: none"> <li>➤ Platforms/IDPS</li> <li>➤ Financial planners</li> <li>➤ Investment managers</li> </ul> | \$8.8m<br>+5.4%                    | \$18,914m<br>+2.8%                 |
| Superannuation                      | Full service master trusts – <ul style="list-style-type: none"> <li>➤ Wealthpac</li> <li>➤ Freedom of Choice</li> <li>➤ Apex</li> </ul>                                                 | <ul style="list-style-type: none"> <li>➤ Small-medium size corporates</li> <li>➤ Members</li> </ul>                             | \$6.3m<br>+28.7%                   | \$912m<br>-3.0%                    |

# Business unit overview - Private Clients



Operating revenue up 9.8% to \$5.2m

FUM/FUA at 31 December 2011 up 2.8% to \$1,392m



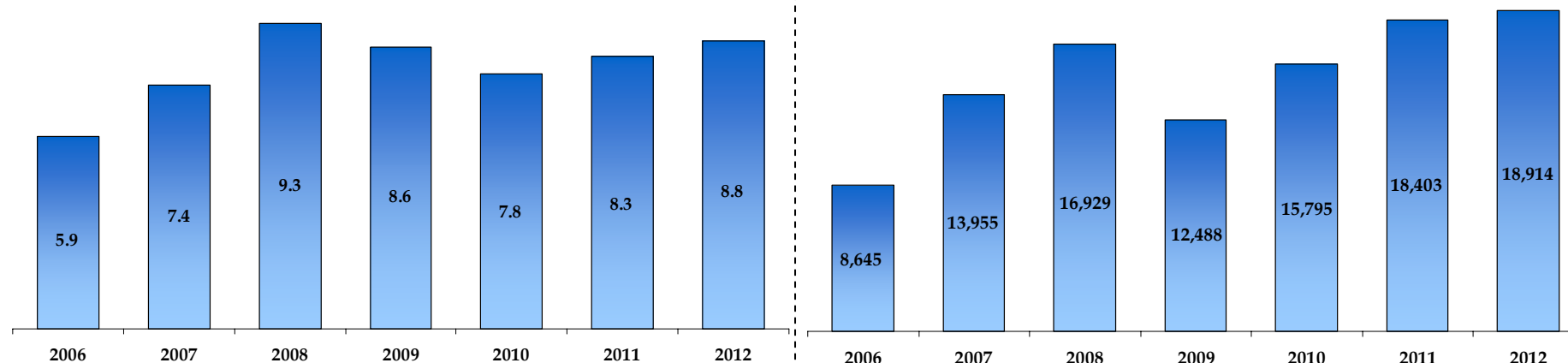
|                    |                                                                                                                                                                                                                                    |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2011/12 highlights | <ul style="list-style-type: none"> <li>Continuing growth in Wealth Management client numbers.</li> <li>Completion of efficiency projects.</li> <li>Integration of Aged Care completed – a second office opened.</li> </ul>         |
| 2012/13 outlook    | <ul style="list-style-type: none"> <li>Expansion in estate planning capability.</li> <li>Continue successful development of referral networks and B2B.</li> <li>Development of Aged Care, leverage into other services.</li> </ul> |

# Business unit overview – CF&FS



Operating revenue up 5.4% to \$8.8m

FUM/FUA at 31 December 2011 up 2.8% to \$18,914m

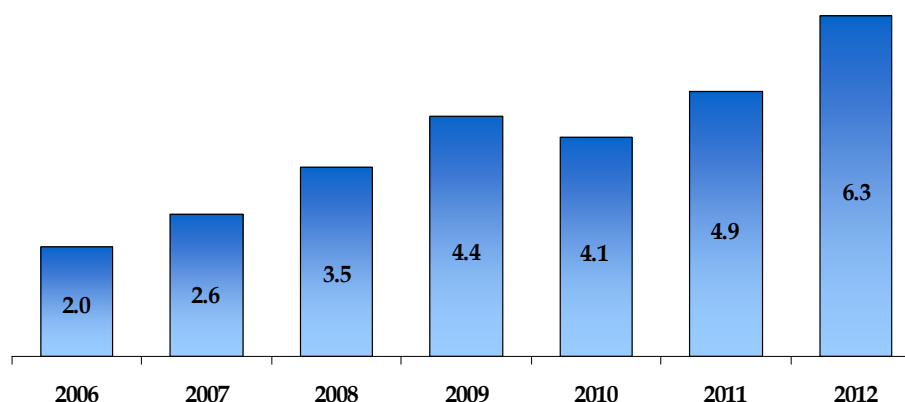


|                           |                                                                                                                                                                                                                                                                                              |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2011/12 highlights</b> | <ul style="list-style-type: none"> <li>• Continuing positive net inflows – still skewed to defensive assets.</li> <li>• Further growth in RE clients – but fund seeding impacted by markets.</li> <li>• One-off Corporate Trust opportunities pursued, margins very tight.</li> </ul>        |
| <b>2012/13 outlook</b>    | <ul style="list-style-type: none"> <li>• Expect flows and mix to remain affected by market volatility.</li> <li>• RE pipeline still active - launch &amp; seeding market dependent.</li> <li>• Capital backing requirement being monitored – both a challenge and an opportunity.</li> </ul> |

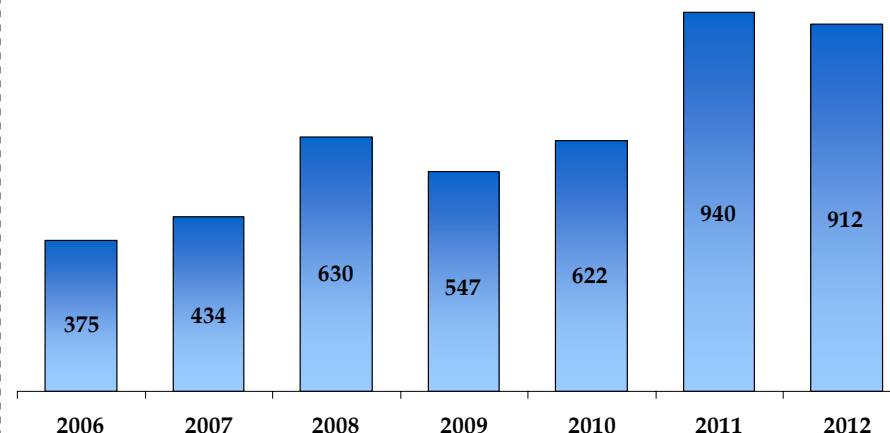
# Business unit overview - Superannuation



Operating revenue up 28.7% to \$6.3m



FUM at 31 December 2011 down 3.0% to \$912m



|                    |                                                                                                                                                                                                                                                                                    |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2011/12 highlights | <ul style="list-style-type: none"> <li>• Customer Service Centre established – improves efficiency and pro-active contact opportunity.</li> <li>• Reduced investment MER for members.</li> <li>• Significant improvements in member online functionality.</li> </ul>               |
| 2012/13 outlook    | <ul style="list-style-type: none"> <li>• Online share and fund trading for FoC investors/members.</li> <li>• Consolidation of custody arrangements.</li> <li>• Roll out member retention initiatives.</li> <li>• FoFA and MySuper services and products in development.</li> </ul> |

# Summary



## The Environment

- Demographic factors remain a positive for 'traditional' trustee business activities.
- Overall growth in financial services industry via mandated flows, increased saving rate (and potentially increased SGC to come), creates a positive environment for corporate business lines.
- Significant regulatory changes flowing (and incomplete) – including FoFA, Stronger Super, new capital standards for REs. Provide a mix of opportunities and challenges, but increase business complexity and costs.
- Markets – volatile start to FY2012, negative capital returns for H1, defensive asset classes dominating our inflows. Investor confidence weak.
- Vertical and horizontal consolidation in wealth management sector – high activity level but valuations may reflect strength of the buyers and determination to acquire distribution. Many M&A opportunities being presented.

# Summary



## The Business

- Focus on maximising efficiency and rationalising systems and processes – objectives are to streamline business flow and IT platforms, and enhance ability to grow business activity at lower marginal cost.
- Restructure individual or personal client facing business units – objectives are to enhance client services to a uniform standard and level, maximise contact opportunities, facilitate integrated approach to dealing with clients rather than being product driven and integrate risk management and compliance processes.
- Maintain expense control to reflect volatile environment for asset based income, but pursuit of long term growth opportunities requires continued investment in client acquisition and development.
- Continue to engage with realistic M&A opportunities in selected fields.
- Consistent strategic direction over medium to long term.



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