

Notice of Meeting

Notice is hereby given that the Annual General Meeting of members of Equity Trustees Limited will be held at the RACV Club, Level 2, 501 Bourke Street, Melbourne on Friday 25 October 2013 at 11.00am.

Ordinary Business

1. To receive and consider the financial statements and the reports of the directors and auditor for the year ended 30 June 2013.
2. To adopt the remuneration report for year ended 30 June 2013.
3. To consider the election of directors:
 - a) Ms Anne Maree O'Donnell retires in accordance with Rule 49 of the company's Constitution and, being an eligible person, offers herself for re-election.
 - b) Mr James Anthony (Tony) Killen retires in accordance with Rule 49 of the company's Constitution and, being an eligible person, offers himself for re-election.

Special Business

4. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That approval is given for the grant to the Managing Director, Mr Robin Burns, of an Award to receive shares in the company as described in the Explanatory Notes to the notice convening this meeting."
5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That approval is given to make a grant of shares in the company to the Managing Director, Mr Robin Burns, to the value of \$50,000 as described in the Explanatory Notes to the notice convening this meeting."

575 Bourke Street
Melbourne
25 September 2013

By Order of the Board
Terry Ryan
Company Secretary

Eligibility to Vote

For the purpose of voting at the Annual General Meeting, the Directors have determined that all shares in the Company are taken to be held by the persons who are registered as holding them at 7.00 pm (Melbourne time) on Wednesday 23 October 2013.

The entitlement of shareholders to vote at the Annual General Meeting will be determined by reference to that time.

Voting Exclusions

The *Corporations Act 2001* (Cth) (**Corporations Act**) and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by such persons, on three of the resolutions to be considered at the Annual General Meeting. These voting exclusions are described below:

Item 2 ('Adoption of the Remuneration Report')

A member of the key management personnel for the EQT consolidated group (each a **KMP**) whose remuneration details are included in the Remuneration Report (and any closely related party of any such KMP), must not vote, and the Company will disregard any votes cast by that person, on the resolution in item 2 (**Resolution 2**).

A member of the KMP as at the date of the Annual General Meeting (and any closely related party of any such KMP) whose remuneration details are not included in the Remuneration Report, and who is appointed as a proxy, must not vote in that capacity, and the Company will disregard any votes cast by that person in that capacity, on Resolution 2.

However, in relation to both circumstances contemplated above, a member of the KMP (and any closely related party of any such member), may cast a vote on Resolution 2 as a proxy if the vote is not cast on behalf of a member of the KMP whose remuneration details are included in the Remuneration Report (or a closely related party of any such member) and either:

- that person is appointed a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- that person is the Chairman of the Annual General Meeting and the appointment of the Chairman as proxy:
 - does not specify the way the proxy is to vote on the resolution; and
 - expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the EQT consolidated group.

Item 4 ('Approval of Long-term Incentive Award for Managing Director') and Item 5 ('Approval of Grant of Shares to the Managing Director')

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolutions proposed in item 4 (**Resolution 4**) and item 5 (**Resolution 5**):

- Mr Robin Burns and any of his associates. However, the Company need not disregard a vote if:
 - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the Chairman of the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- A KMP (or a closely related party of any KMP), on the basis of their appointment as a proxy, where the proxy appointment does not specify the way the proxy is to vote on Resolutions 4 or 5 (as applicable), unless:
 - the proxy is the Chairman of the Annual General Meeting; and
 - the proxy appointment expressly authorises the Chairman to exercise the proxy even if Resolution 4 or 5 is connected directly or indirectly with the remuneration of a KMP.

For the purposes of these voting exclusions:

The '**key management personnel for the EQT consolidated group**' (or **KMPs**) are those persons having authority and responsibility for planning, directing and controlling the activities of the EQT consolidated group either directly or indirectly. It includes all Directors (Executive and Non-Executive). The KMPs during the year ended 30 June 2013 are listed in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2013.

A '**closely related party**' of a KMP means:

- a spouse or child of the KMP; or
- a child of the KMP's spouse; or
- a dependant of the KMP or of the KMP's spouse; or
- anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the EQT consolidated group; or
- a company the KMP controls.

The Company will also apply these voting exclusions, on an equivalent basis, to persons appointed as attorney by a shareholder to attend and vote at the Annual General Meeting under a power of attorney.

Proxies

A member of the company entitled to attend and vote at the Annual General Meeting has the right to appoint a Proxy. The Proxy Form must be signed by the member or by an attorney of the member.

A Proxy need not be a member of the company. If the member is entitled to cast two or more votes at the meeting, the member may appoint two Proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each Proxy may exercise, each Proxy may exercise half the votes.

A Proxy Form accompanies this Notice of Meeting. For the appointment of a proxy to be effective for the meeting, the Proxy Form must be received at least 48 hours before the meeting by the Share Registry of the company, by mail (reply paid envelope enclosed): Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, by hand: Computershare Investor Services Pty Limited, located at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, or the company's Registered Office at Level 2, 575 Bourke Street, Melbourne, or by fax on (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555. For Intermediary online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions.

Undirected Proxies

The Chairman of the Annual General Meeting intends to vote undirected proxy votes in favour of all resolutions (subject to the voting exclusions noted above).

Voting by Corporate Representative

A shareholder or proxy which is a corporation and entitled to attend and vote at the Annual General Meeting may appoint an individual to act as its corporate representative.

Evidence of the appointment of a corporate representative must be in accordance with section 250D of the Corporations Act and be lodged with the Company before the Annual General Meeting or at the registration desk on the day of the Annual General Meeting.

Voting by Attorney

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint an attorney to attend and vote at the Annual General Meeting on the shareholder's behalf. An attorney need not themselves be a shareholder.

The power of attorney appointing the attorney must be signed and specify the name of each of the shareholder, the Company and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

To be effective, the power of attorney must also be returned in the same manner, and by the same time, as specified for Proxy Forms.

Evidence of execution

If a proxy form or appointment of a corporate representative is signed on behalf of an individual or a corporation under power of attorney or other authority, the power of attorney or other authority under which the relevant instrument is signed, or a copy of that power of attorney or other authority, certified as a true copy by statutory declaration, must accompany the instrument unless the power of attorney or other authority has previously been noted by the Company's Share Register.

Explanatory Notes

Item 3 Election of Directors

A brief biographical description of each retiring director is included in the 2013 Annual Report.

Ms O'Donnell retires by rotation and offers herself for re-election.

The Board, other than Ms O'Donnell, have reviewed Ms O'Donnell's performance. The Board believes that Ms O'Donnell has performed well and continues to make a valuable contribution to the Board. The Board concluded that Ms O'Donnell should be proposed for re-election and accordingly recommends that you vote in favour of Ms O'Donnell's re-election.

Mr Killen retires by rotation and offers himself for re-election.

As Mr Killen, Chairman of the Board, is standing for re-election, it is proposed that Mr Groves (or another director) will chair the meeting for this item of business.

The Board, other than Mr Killen, have reviewed Mr Killen's performance. The Board believes that Mr Killen has performed well and continues to make a valuable contribution to the Board. The Board concluded that Mr Killen should be proposed for re-election and accordingly recommends that you vote in favour of Mr Killen's re-election.

Item 4 Long-Term Incentive Award for the Managing Director, Mr Robin Burns

In 1999, Shareholders approved the establishment of the Equity Trustees Limited Executive Performance Share Plan 1999 (the **Plan**). In broad terms, the Plan provides for the company to grant certain rights (**Awards**) to eligible executives and to be issued ordinary shares in the company if certain performance criteria are satisfied. The purpose of the Plan is to attract, retain and reward well performed executives. The terms and conditions of issue of Awards are at the complete discretion of the Board.

The purpose of this resolution is to seek the approval of shareholders to grant an Award under the Plan to the Managing Director, Mr Robin Burns, in accordance with the terms and conditions of the Plan, which are broadly outlined hereunder. This Award is the 2013/14 series, with a commencement date of 1 July 2013.

The structure of executive compensation at Equity Trustees is a combination of:

- a fixed annual remuneration;
- a short term incentive (STI) payable annually in cash, based on the achievement of certain corporate and personal objectives relative to the company's annual business plan and strategic goals; and
- a long term incentive (LTI) awarded in shares if pre-agreed targets are achieved over a three year period.

The intention is to structure executive compensation such that, depending on seniority, up to 55% of total remuneration is 'at risk' and dependent on corporate and personal performance. The underlying principle is that executive rewards should flow as and when commensurate rewards flow to shareholders.

The Managing Director's fixed annual remuneration is currently \$550,000.

The components of 'at risk' compensation for the Managing Director are as follows:

- STI – up to 60% of fixed annual remuneration, payable in cash, and
- LTI – up to 60% of fixed annual remuneration, awarded in shares.

For the purposes of the STI, the objectives will be expressed in terms of the business plan parameters, including profitability, revenue growth, leadership, culture, etc and documented as part of the annual business planning cycle.

For the purposes of the LTI, the Award is determined by targets based on two components:

- 50% Total Shareholder Return (TSR)
- 50% Earnings per Share Growth (EPS)

The key components of the Award proposed to be granted to Mr Burns are as follows:

- The grant date for this Award is 25 October 2013, with the Award being conditional upon approval by shareholders at this meeting. If approved, the Award will be issued to Mr Burns on 28 October 2013.
- The Award covers a three year period, commencing 1 July 2013.
- At the commencement of the three year period, the dollar value of the Award is determined – ie, 60% (or such other percentage determined by the Board) multiplied by the Managing Director's fixed annual remuneration.
- The dollar value of the Award is then divided by the volume weighted average price (VWAP) of EQT shares traded on the ASX during the 3 months prior to the commencement of the three year period applicable to the Award to give the number of EQT shares subject to the Award for the three year period. The VWAP for the 2013/14 Award series is \$16.57.
- The maximum number of shares subject to this Award is 19,915.
- EQT shares are only issued if TSR and/or EPS criteria (as described below) have been met at the completion of the three year period.
- There is no price paid or payable if shares are issued.
- Once shares are issued, they are subject to a disposal restriction period for up to a further four years, after which they are released to the individual.
- During the disposal restriction period, dividends paid or reinvested are owned by the Managing Director.
- Any variation in share price over the three year period, as well as the four year disposal restriction period, is to the benefit/detriment of the Managing Director.

- The Managing Director is responsible for his personal taxation obligations in relation to ownership, sale or dividends received.
- Resignation during the three year measurement period terminates the Award and the value to the Managing Director is nil.
- Details of shares issued under the Plan are recorded in the Annual Report in respect of the period during which the shares are issued.
- Apart from the Managing Director, shareholder approval is currently not required in respect of participants under the Plan.

50% of the Award will be subject to a TSR condition. The achievement of the TSR target is determined by reference to the increase in EQT share price plus dividends reinvested over the three year period compared to a suitable Comparator Group, and linked to the following vesting scale:

- If the EQT TSR is less than the 50th percentile, then: nil share allocation
- If EQT TSR is equal to the 50th percentile, then: 50% share allocation
- If EQT TSR is equal to the 75th percentile, then: 100% share allocation
- If between the 50th and 75th percentile, then: Prorata share allocation

50% of the Award will be subject to an EPS condition. The achievement of the EPS target is determined by reference to the growth in normalised EPS over the three year period. Normalised EPS is based on pre-tax profit excluding profit/losses on sale of investments and based on the reported weighted average shares on issue during each year. The vesting scale is as follows:

- If growth in EQT EPS is less than 5% pa, then: nil share allocation
- If growth in EQT EPS is 5% pa, then: 25% share allocation
- If growth in EQT EPS is 15% pa, then: 100% share allocation
- If growth in EQT EPS is between 5% pa and 15% pa, then: Prorata share allocation

For each component of the Award, the performance assessment is after each three year period. If necessary, where the full TSR component of the Award is not granted after the three year period the final re-assessment for TSR will be made at the end of the fourth year. If the full TSR component of the Award is not achieved at that time, the non-achieved balance of the TSR component of the Award lapses.

Once shares are issued they fully vest to the Managing Director, subject to the four year disposal restriction period.

LTI Awards may be made annually at the discretion of the Board. In some years there may be no Awards made.

The extent of participation in both the STI and LTI arrangements, within the above limits, will be at the discretion of the Board, having regard to corporate results and the personal performance of the Managing Director. Each Award under the LTI will be subject to its own TSR and EPS three year target.

In relation to the prior year Award (2012/2013), as approved by shareholders at the Annual General Meeting on 26 October 2012, 21,986 Awards were issued to Mr Burns on 23 November 2012.

Item 5 EQT Share Grant to the Managing Director, Mr Robin Burns

The purpose of this resolution is to seek the approval of shareholders to grant the Managing Director, Mr Robin Burns, up to \$50,000 in EQT Shares, in accordance with the conditions, which are broadly outlined hereunder.

The Managing Director's 'fixed' annual remuneration was increased from \$450,000 to \$550,000 effective 1 July 2013. This level of remuneration was fixed having regard to the Managing Director's excellent performance in 2012/13 and to independent market-based remuneration survey data. Of the \$100,000 increase, \$50,000 is payable in cash through the year, and \$50,000 is to be issued as shares, subject to the approval of shareholders at this meeting.

In order to better align the Managing Director's overall rewards to those of company performance and shareholders the Board believes the Managing Director should accumulate and hold a greater personal level of EQT Shares.

In this regard, and separate from STI and LTI considerations dealt with elsewhere, it is proposed to withhold payment of \$50,000 in fixed remuneration and issue the equivalent value in EQT shares as follows:

- The effective date of this Grant is 25 October 2013, with the Grant being conditional upon approval by shareholders at this meeting. If approved, the Award will be issued to Mr Burns on 28 October 2013.
- The dollar value of the Grant (i.e. \$50,000) is divided by the volume weighted average price (VWAP) of EQT shares traded on the ASX during the 3 months ending 30 June 2013, which equates to a VWAP of \$16.57.
- The number of shares subject to this Grant is 3,017.
- There is no price paid or payable when the shares are issued.
- Once the shares are issued, they are subject to a disposal restriction period of three years, after which they are not subject to any disposal restriction.
- During the disposal restriction period, dividends paid or reinvested are owned by the Managing Director.
- Any increase in the share price over the three year period is to the benefit of the Managing Director.
- The Managing Director is responsible for his personal taxation obligations in relation to ownership, sale or dividends received.
- Details of shares issued and held by or on behalf of the Managing Director are recorded in the Annual Report.

A Grant of this type may be made annually at the discretion of the Board after considering corporate results, external remuneration forces, personal performance and retention aspects.



Equity Trustees Limited

ABN 46 004 031 298

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 11:00am Wednesday 23 October 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Equity Trustees Limited hereby appoint

☐

the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Equity Trustees Limited to be held at the RACV Club, Level 2, 501 Bourke Street, Melbourne on Friday, 25 October at 11.00am and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 4 & 5 (except where I/we have indicated a different voting intention below) even though Items 2, 4 & 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 4 & 5 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2	To adopt the remuneration report for year ended 30 June 2013	☐	☐	☐
Item 3a	Re-election of Ms Anne Maree O'Donnell as a Director of the company	☐	☐	☐
Item 3b	Re-election of Mr James Anthony (Tony) Killen as a Director of the company	☐	☐	☐
Item 4	That approval is given for the grant to the Managing Director, Mr Robin Burns, of an Award to receive shares in the company	☐	☐	☐
Item 5	That approval is given to make a grant of shares in the company to the Managing Director, Mr Robin Burns, to the value of \$50,000	☐	☐	☐

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

2013 SHAREHOLDER REVIEW



Company Profile

Where we started

Equity Trustees Limited (EQT, Equity Trustees or the Company) was established as a trustee and executor service provider by a special Act of the Victorian Parliament in 1888. We are a publicly listed company on the Australian Securities Exchange.

What we do

We are a diversified financial services institution offering a comprehensive range of financial products and services for personal and corporate clients, aimed at growing, managing and protecting wealth.

Our specialist services include Responsible Entity (RE) services for external fund managers, distribution of managed funds and private wealth services comprising personal estates and trusts, wealth management, asset management, employer and personal superannuation, and aged care financial planning advice, placement advice and training services.

We assist not-for-profit and charitable organisations with their services and financial product needs and offer philanthropy advice to families and individuals seeking to establish charitable trusts.

Our direction

The Company was formed 125 years ago to offer trustee services to wealthy individuals. Since that time we have diversified in the range of services we provide, in the clients we service and in our geographic reach. Today we are a financial services institution with a focus on disciplined growth in a very competitive and dynamic industry.

Board of Directors

JA (Tony) Killen OAM, BA, FAICD, FAIM
(Chairman, Non-executive)

Robin BO Burns, DipAcc, FAICD
(Managing Director)

David F Groves, BCom, MCom, CA,
FAICD (Deputy Chairman, Non-executive)

Alice JM Williams, BCom, FCPA, FAICD,
ASFA AIF, CFA (Non-executive)

The Hon Jeffrey G Kennett AC, HonDBus
(Ballarat) (Non-executive)

Anne M O'Donnell, BA (Bkg & Fin), MBA,
FAICD, SF Fin (Non-executive)

Kevin J Eley, CA, F FIN
(Non-executive)

Company Secretary / Chief Financial Officer

Terry Ryan, BBus, FCA, F Fin

Joint Company Secretary

Philip B Maddox, LLB, BA, GDipAppFin
(Finsia)

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria 3000

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

Registered Office

Level 2, 575 Bourke Street
Melbourne, Victoria 3000

Telephone: (03) 8623 5000
Facsimile: (03) 8623 5200

Email: equity@eqt.com.au

Other Offices

Level 4, 124 Walker Street
North Sydney, New South Wales 2060

Level 10, 239 George Street
Brisbane, Queensland 4001

Suite 4, 677 High Street
Kew East, Victoria 3102

157 Scoresby Road
Boronia, Victoria 3155

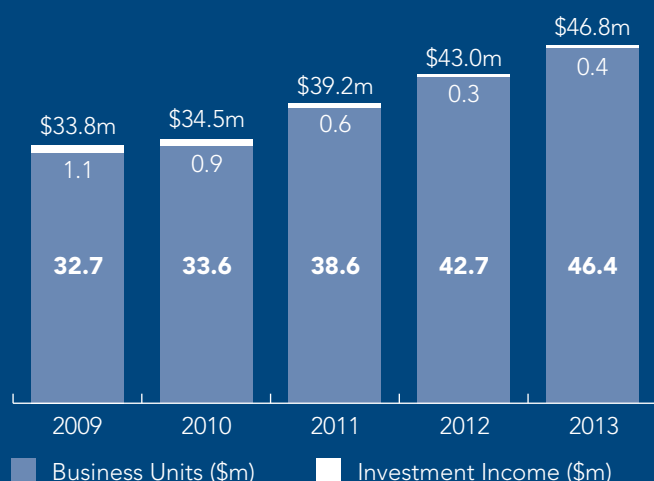
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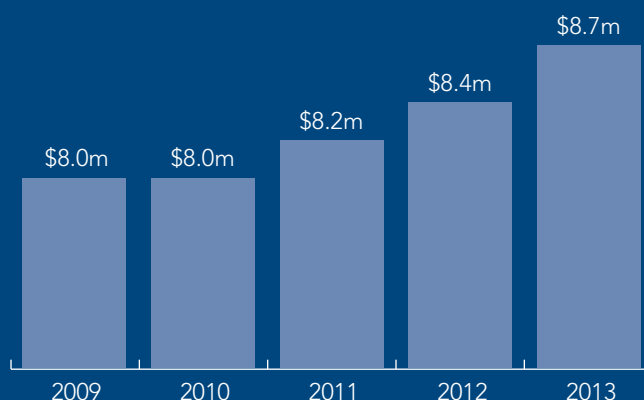
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Results at a Glance

Operating revenue (\$m)



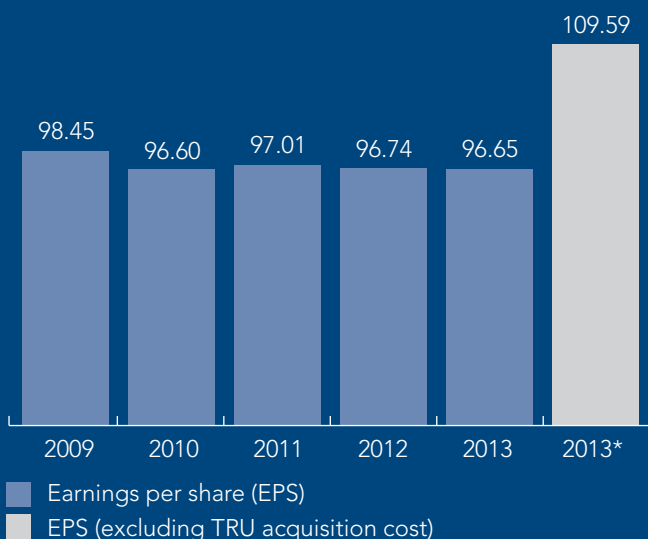
Net profit after tax (\$m)



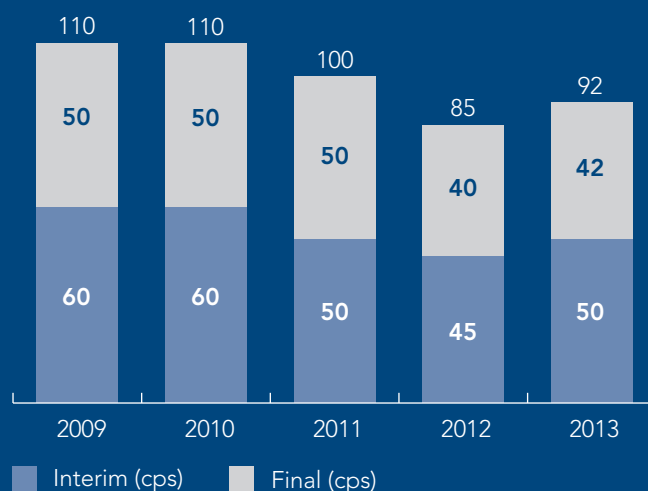
Overview of 2013 financial year

- Strong increase in operating profit, improvement in operating margin.
- Full-year dividend increased by 8%.
- Both main business units generated solid revenue gains from organic growth and satisfactory margins.
- Balance sheet is debt free – plan to increase capital to meet new regulatory requirements is in place.
- Completed several major re-structuring actions: transaction processing, administration, technology and systems support business units now operate on a group-wide basis under a single management structure; and private client, wealth management and superannuation activities consolidated into a single new unit, Private Wealth Services.
- Project Foundation, to pursue efficiency gains and increased automation in our administration processes, IT platforms and systems and transactional activities, is under way and is meeting its stage-by-stage objectives.
- Implemented a major business development project to pursue substantial growth opportunities and increased earnings in Private Wealth Services – we announced a new external distribution relationship with a major financial advisory network and positive traction in other initiatives is occurring.
- Continued strong growth in external RE appointments and funds under management in distribution business – record net inflows to co-branded managed funds, exceeding \$1b.
- Announced off-market takeover offer for The Trust Company Limited.
- Increase in overall Staff Satisfaction rating in annual survey.
- Readied business for changes arising from a major wave of regulatory reforms – Future of Financial Advice (FoFA) and Stronger Super (MySuper, Super Stream).

Earnings per share (¢ per share)



Dividend per share (¢ per share)



*2013 EPS, excluding TRU acquisition costs

Net profit after tax
\$8.7m

Operating revenue (\$46.8m)
9%

Overview – group results

	12 months to 30 June 2013 \$m	12 months to 30 June 2012 \$m	% Change
Operating revenue	46.8	43.0	9
Operating expenses	(33.9)	(32.0)	(6)
Operating profit before tax	12.9	11.0	18
Income tax expense	(3.6)	(3.1)	
Operating profit after tax	9.3	7.9	18
Non-operating items (net of tax)	0.5	0.5	
TRU Acquisition cost (nil tax benefit)	(1.1)	-	
Net profit after tax	8.7	8.4	3
Earnings per share (cents)	96.65	96.74	
Dividends per share (full-year, fully franked)	92¢	85¢	
Operating margin (pre-tax, excluding non-operating items)	27.7%	25.6%	



Chairman's Review

JA (Tony) Killen OAM
Chairman

Equity Trustees performed well in 2012/13.

Operating profit before tax increased by 18%, revenue growth exceeded expense growth (before costs associated with the bid for The Trust Company Limited (ASX: TRU), and the operating margin increased from 25.5% to 27.7%.

We achieved **record net inflows** to our co-branded funds, and strong growth in other funds under management/administration as well as in client numbers.

Profit after tax for the year was \$8.67m, 3% up on last year, this after booking net costs of the TRU bid of \$1.16m.

The result reflects a **return on equity** of 14.2%.

Directors declared a **final dividend** of 50 cents per share (cps), taking total dividends for the year to 92 cps, fully franked. This reflects a current yield on the stock of approximately 6%, before taking into account the effects of franking.

The **payout ratio** was 95%, just outside our policy range of 70 – 90%. However, if we exclude the net costs of the TRU bid, the payout ratio was 84%. The level of the final dividend was determined having regard to the underlying profitability of the group and reflects the Board's confidence in the Company's future prospects.

We resolved to arrange for the non-participation in the Dividend Reinvestment Plan (DRP) for the final dividend to be fully underwritten. You will recall that in last year's Review I canvassed the likely need to strengthen the Company's balance sheet to meet **mooted regulatory changes** directed to our RE business, which continues to grow strongly. Underwriting the dividend is a straightforward means of helping to achieve this. The interim dividend last year was also fully underwritten.

Underwriting the final dividend this year will ensure that the dividend value of \$4.52m is all reinvested as fresh capital.

The **new capital requirements** are scheduled to come into effect 1 July 2014 so current actions reflect prudence ahead of time. The final level of capital required will be a function of the size of our RE business at that time, as well as the success or otherwise of the TRU bid. We are confident that the market will support a capital raising if that proves to be necessary, and that our profitability will continue to provide attractive returns on the expanded capital to our shareholders.

There have been no changes to the composition of **the board** this past year. New directors have been appointed in each of the years 2007, 2008, 2010 and 2011 as part of an orderly process of renewal. The launch of the bid for TRU has forestalled any further appointments until the outcome of the bid is known.

A new Committee of the board was established this year under the chairmanship of Kevin Eley. This is the **Board Investment Committee** (BIC), whose other members are Alice Williams, Anne O'Donnell and Robin Burns. The role of the BIC is to oversee the Company's investment and asset management responsibilities and ensure that the investment governance framework fully meets the obligations set under our regulatory licenses.

I regret to have to report the passing on 17 May 2013 of former director John McConnell after a short illness. John served the Company with distinction for 9 years until his retirement in 2011. Vale John.

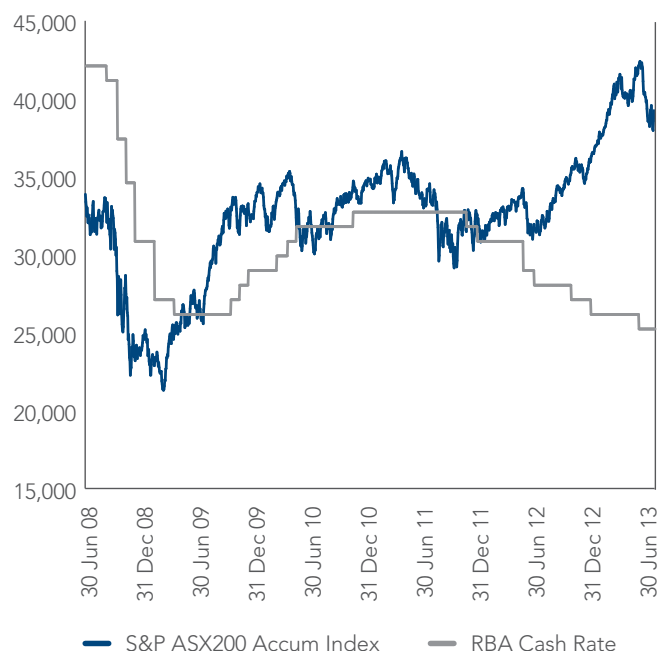
In February we announced our intention to make an unsolicited, off market **takeover bid for TRU**. This went ahead in March with the issue of our formal Bidder's Statement and developed further in June when we announced an increase in our offer in response to a competing bid. At the time of writing the outcome of our bid for TRU is not known and cannot be confidently predicted either way. If we succeed we look forward to integrating the two companies into a single, unified entity over the next two years – this would be a significant project but we are confident that it would deliver significant benefits for all stakeholders. If we do not succeed we are equally confident that the company has a bright future through following its own existing growth projects and in continuing to assess other potential acquisition opportunities.

On behalf of the Board I again want to place on record our sincere appreciation of the hard work and efforts of **the Company's staff** in the past year. In addition to the significant strategic changes in the business initiated in the year and the implementation of major multi-period projects, the executive team, management and staff have had to cope with an unprecedented wave of externally-generated change from regulatory bodies and legislative action to fundamentally reshape the financial advice and superannuation industries. Inevitably these have also lead to significant changes in the competitive environment, bringing additional challenges, and it is great credit to our employees that they continue to provide excellent service to our clients and very competitive returns to our shareholders during these times.



JA (Tony) Killen OAM
Chairman

S&P ASX200 Accum Index July 2008 to 30 June 2013





Managing Director's Review

Robin Burns
Managing Director

The year past was a significant one in the development and growth of the Company.

The major initiatives, projects, external forces and circumstances that were introduced or in play during 2013 have been noted generally elsewhere in this document and I will not cover them again except where they touch on some specific point or item below.

Although the growth in net profit after tax at 3% seems modest at first glance, this figure hides some more significant statistics. On the operating revenue line we achieved 9% growth, lower than the previous year's comparative of 10%, but unlike in 2012 all of 2013's growth came from organic business activity – there was no impact from business acquisitions in the current year.

Although the gains in the ASX index during the year provided assistance, we experienced real increases in revenue from servicing more clients on more funds under management and administration. Helped by the pay freeze in July 2012 (unlike many competing business) the increase in operating expenses was lower than the rate of growth in revenue and as a result our operating margin of 27.7% was up on the 2012 comparative (25.6%).

The increase in operating expenses includes the substantial additional costs we incurred, in excess of day-to-day business activity, in preparing our operating model, systems and processes for the demands of the major regulatory and legislative changes introduced by the federal government. The cost across our industry of introducing these changes has been estimated in the billions of dollars (ultimately to be borne by clients and investors), and although we had already intended to make some changes in our business that would ultimately parallel obligations under the new requirements we found ourselves, like all our peers, incurring expenses and time costs that were unrelated to our main business operational and strategic goals for the year.

Overall the growth in revenue and margin generated an 18% lift in operating profit before tax, before the costs incurred in the offer to acquire The Trust Company and profits on sale of investments.

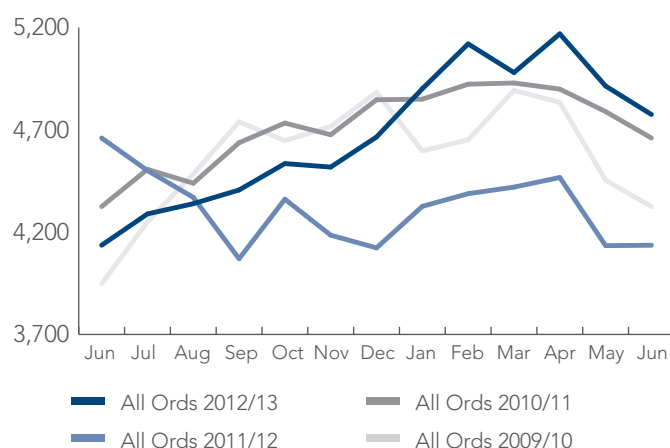
The significant organisational changes I noted in last year's report, which took effect at the start of the current period, were designed to set the Company up for success in its long-term strategic plan. These changes inevitably caused some disruption in daily business activity during implementation and we incurred some redundancy expenses as part of the process, but I am very pleased with the way that our staff engaged with the process, supported the positive opportunities and implications for the Company and themselves, and embraced the new business structure and model.

The two major projects currently in train, which are detailed already in the review are both showing in their early results that the objectives are sound and achievable.

Operating performance

The details of our operating performance are shown in the tables and graphs on pages 4 to 5 of this Review. In summary, operating revenue rose by 9% to \$46.8m, while the Company's operating expenses also rose during 2013 by 6% to \$33.9m (vs. \$32m in 2012). Organic revenue growth varied across the business lines and is commented on later in this review. Total Funds Under Management (FUM)/Funds Under Administration (FUA) at year end grew from \$24.0b to \$32.3b. We generated net inflows in our funds management distribution business in excess of that achieved in every prior year, although again this was predominantly in lower margin classes.

All Ordinaries Index Year on Year



The chart above shows the performance of the ASX200 Index over recent financial years. The Company's performance is in part directly impacted by both the absolute level of the ASX and other market indices (as we earn fees based on a percentage of the absolute value of funds under management or administration) and by the flow of funds into or out of the various asset classes (percentage-based fees basis vary by asset class). As the mix of our business changes over time – between activities, and from asset based income to fee for service – the significance of changes in asset market values on Company performance will vary.

Business highlights

Operating highlights in the year under review:

- Practical implementation of the new business structure.
- Increase in client numbers in both PWS and CFFS driven by organic business development activities.
- Progress in the two major projects – focused on business efficiency and PWS development.
- Completion of an agreement with a significant external partner to provide estate planning and will writing services on a referral basis.
- Continuing growth in RE clients and FUM/FUA. In total, a net increase in funds of 19 to 158, and now servicing 65 managers, up from 58 in 2012.
- Net inflows to EQT's co-branded funds exceeded \$1b, up 110% on 2012's figure.
- Added Dundas Global Investors as a global equity manager to the EQT co-branded distribution line-up, to fill a gap in the global equity asset class. Dundas is a highly regarded manager in this class, based in Edinburgh.
- Opened an expanded new office in Kew, to accommodate the aged care advisory services business co-located for the first time with other PWS advisory activities, to enhance the client experience and facilitate cross-selling.
- Significant effort to prepare the business on time for major regulatory reforms.

Business unit performance

The Company's strategic platform and revenue generation is based on our two core business units. The key activities and some performance statistics are summarised below:

Business unit	Key functions	2013 performance
Private Wealth Services (PWS)	The provision of personal financial and superannuation services including: • Personal Estates & Trusts – estate planning, trustee, executor, taxation, and philanthropic services; • Wealth Management – personalised portfolio management and support services; • Asset Management – overseeing the investment process for internal and external clients and managing internal funds; The above services are supported by an in-house asset management team providing investment advice.	Operating revenue up 2.7% to \$27.8m (2012: \$27.0m) Funds/Assets under management up 13.1% to \$3.3b (2012: \$2.9b)
Corporate Fiduciary & Financial Services (CFFS)	Responsible Entity trustee services for managed funds on behalf of local and international managers and sponsors. Management and coordination of distribution and marketing for Equity Trustees co-branded retail and wholesale funds.	Operating revenue up 18.6% to \$18.6m (2012: \$15.6m) Funds under management/administration up 37.6% to \$29.0b (2012: \$21.1b)

The financial services industry

The impact of the wave of regulatory and legislative changes and reforms on the wealth management industry has been discussed broadly in the business media and in our previous reports. These changes led to considerable consolidation in the wealth management industry in the last few years.

Overall, whether these changes will ultimately benefit investors and consumers will not be clear for some time but as a reality have to be accepted, and in fact should be seen equally as a source of potential opportunities for business development. Equity Trustees operates and competes in the wealth management sector and a major strategic goal is growing our reach, revenue and earnings from this activity. The Company believes that the overall thrust of some of these changes will in fact help shape the market and practices in wealth management in a direction that aligns well with our long term approach, business model, values and client-centric perspective. The new business structure and major development projects are in support of this objective.

Capital base

As noted in the previous Shareholder Review the Company is also subject to new minimum capital obligations under ASIC's Regulatory Guide 166, "Licensing: Financial Requirements". This will apply to the Company's responsible entity business with effect from 1 July 2014. As part of our plan to gradually increase capital to meet this standard, the interim dividend reinvestment plan (DRP) in 2012 was fully underwritten.

We intended to follow the same course for the interim 2013 dividend but did not proceed with this for two reasons: firstly it was considered inappropriate given that the Company had announced its intention to make an off-market takeover offer for TRU; and secondly, if successful in the takeover, the Company's capital base and obligations would be need to be re-calculated based on the combination of EQT and TRU – a position we do not have sufficient hard data to project accurately, and therefore could lead to a possibility that excess capital would be raised.

The situation regarding TRU is not yet resolved and consequently future capital levels may still need to take into account a combination of the two entities, but as a matter of prudence the Company has announced that the 2013 final dividend DRP will be underwritten. Given the strength of our balance sheet and performance, we do not at this stage anticipate that the Company will have material difficulty obtaining sufficient capital, via DRP underwriting or other actions if required, to meet its regulatory capital obligations.

The business in 2014 and beyond

The main focus of our activities in the 2014 year will continue to be in implementing the two main projects: to consolidate and improve efficiency in administration and business systems; and in driving growth in the PWS business through the organic development project. In addition we will continue to pursue the balanced growth of the CFFS business through adding new managers and funds in the RE area and expanding the number of external approved product lists, model portfolios and distribution relationships for the co-branded funds.

There has been extensive public communication on the status of the takeover bid for TRU. Whilst we believe that our offer represents a considerably better net outcome for TRU shareholders than an alternative offer there are a number of hurdles between us and success. The Company will make every reasonable attempt to achieve this success, but although acquiring TRU would consummate a long-held strategic objective it is far from the only significant step we can take to pursue our long-term goals. There are other acquisition opportunities that we will investigate and the Company is very well placed to continue to thrive, grow and provide satisfactory results for all our stakeholders regardless of the outcome of the TRU process. The success of our organic business growth and development activities in recent periods and the exciting potential of the wealth management industry demonstrate that we do not need acquisitions to continue to prosper and reward shareholders.

The Company's return on equity, dividend yield, performance record and balance sheet are evidence of its financial strength. Other, indefinable attributes, such as values and culture have an equally important role to play in creating and maintaining an organisation that appropriately balances the relative interests between groups of stakeholders. In 2013 our strong financial performance, ability to attract and retain clients and the increase in the overall staff satisfaction rating are signs that the Company is in a healthy position, operating in an environment that will provide considerable opportunity for growth and success.

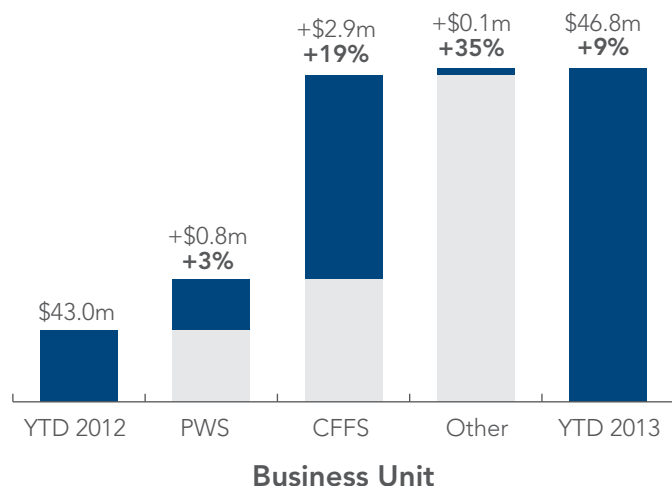


Robin Burns
Managing Director

Additional Group Information

Operating revenue – change

Operating revenue movement compared to prior year

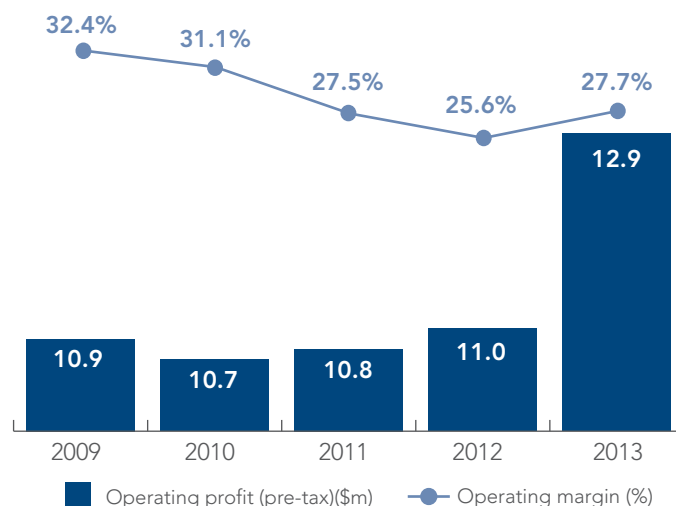


PWS achieved revenue growth in a number of major activity lines but also experienced reductions in some lines that reflect external forces, such as new estates and trusts. There was also some disruption experienced as part of the move to new premises that had a short-term impact on revenue from aged care services. In CFFS revenue growth derived from strong net flows to our co-branded funds and from increased activity in the RE function.

Expense composition

Expenses grew slightly above expectation substantially as a result of short-term impacts from business restructuring and additional project or external support required to implement changes arising from regulatory and legislative reforms. The single largest expense category, employee costs, which includes external professional or consulting services (other than those incurred in the TRU takeover offer process), fell in relation to operating revenue from a ratio of 56% in 2012 to 54% in 2013, partly as a result of the pay freeze in place for the 2013 year. Occupancy costs grew marginally as a ratio due to the setup and move to a new office in Kew. Other major cost categories remained relatively unchanged from 2012 in \$ terms and therefore fell slightly in relation to revenue.

Operating margin



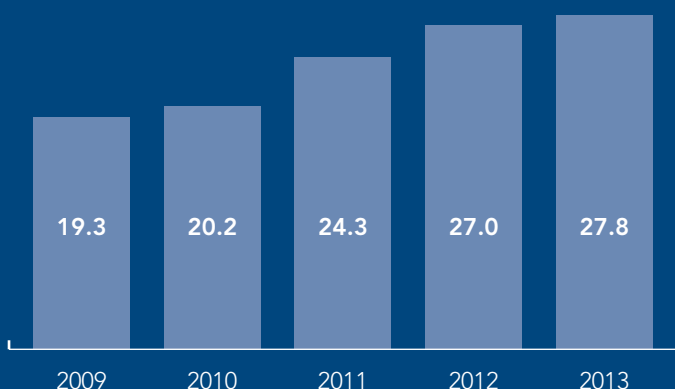
Operating margin for these purposes is defined as operating profit before tax (2013 – \$12.9m) expressed as a percentage of operating revenue (2013 – \$46.8m). The operating margin is inclusive of non-recurring costs (other than those incurred in the TRU takeover process). The margin will vary as the business mix changes (each asset class typically generates different basis point margins), as fee-for-service revenue is expected to become a higher proportion of overall revenue, and as many RE funds in their initial stages pay agreed minimum fees rather than a FUM-based charge. Although the operating margin is moderately below what was experienced in more buoyant market conditions some years ago, we are satisfied that the business overall is in a healthy and sustainable position.

Business Unit Review

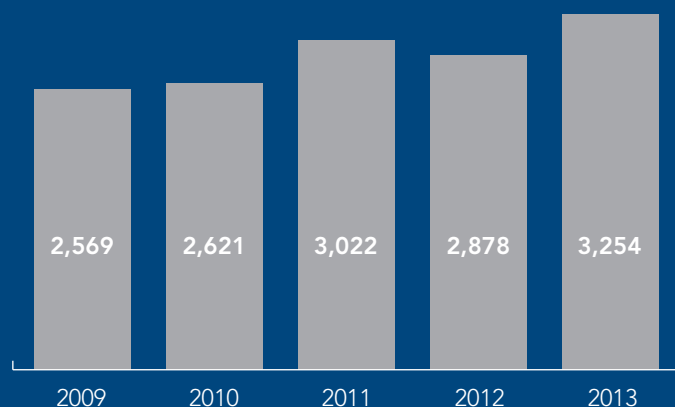
Private Wealth Services

Performance

Operating revenue (\$m)



Assets under management, administration and advice (\$m)



Function

Private Wealth Services (PWS) was formally created in August 2012 to integrate and consolidate the following existing operating units:

- **Personal Estates & Trusts (PEAT)** – estate planning, trustee, executor, taxation, and philanthropic services;
- **Wealth Management** – personalised portfolio management and support services;
- **Asset Management** – overseeing the investment process for internal and external clients and managing internal funds;
- **Aged Care Services** – provision of financial planning advice, placement advice and training services specialising in the aged care sector; and
- **Portfolio Services** – employer services, personal superannuation, and managed accounts, in the superannuation sector (formerly operating as EquitySuper).

Operational highlights

- PWS revenue up 3%, despite some adverse cyclical impacts.
- Introduction of a major multi-period revenue, FUM and earnings growth project, focusing on increased revenue per client from the provision of additional services via cross-sell and improved distribution through referrals and third-party relationships.

- Substantial progress has been made from business development activity in broadening our distribution reach for aged care placement and advice, estates and trusts, with the recently announced partnership with Aon Hewitt. This helped increase new will production and appointments to EQT by more than 150% for the year.
- FUM for wealth management and philanthropy increased by 16% and 15.5% respectively. In a year of significant regulatory changes, FUM in the advice business grew by 19%.
- Two major tasks were to revise the existing advisory business model to be ready for FoFA as well as seek improved operational efficiency, and prepare for the introduction of MySuper and Super Stream.
- A new asset management team has been recruited to enhance the EQT brand and preserve FUM, and with an objective to increase externally sourced FUM over future periods.

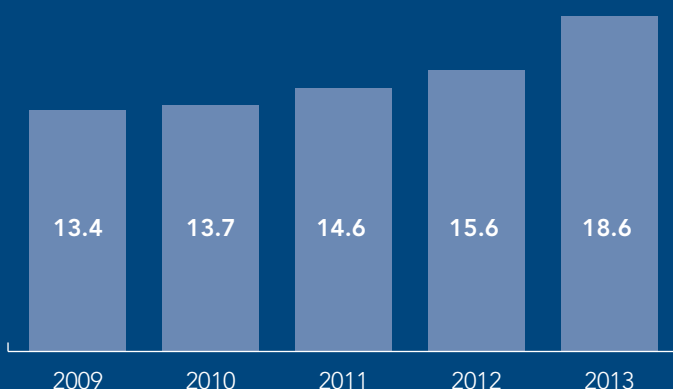
Outlook

- Continued drive to cement long-term revenue streams through improved estate planning services and marketing to referral sources, as well as improved cross-sell.
- Leverage enhanced capability in asset management.
- Improve operational efficiency through streamlined licensing structure and processes.
- Introduction of a MySuper product will be used to facilitate increased focus on member retention and advice.

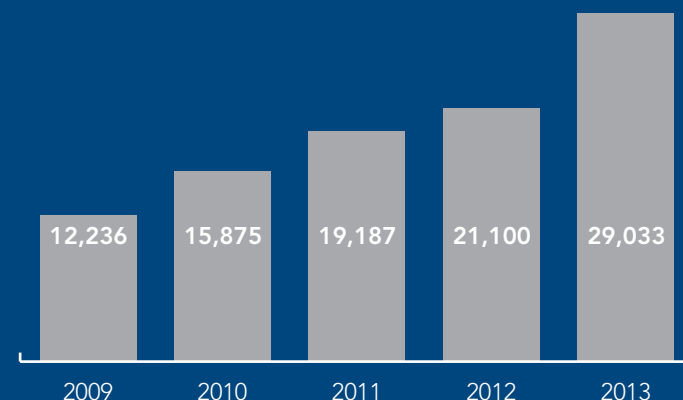
Corporate Fiduciary & Financial Services

Performance

Operating revenue (\$m)



Funds under management, administration and advice (\$m)



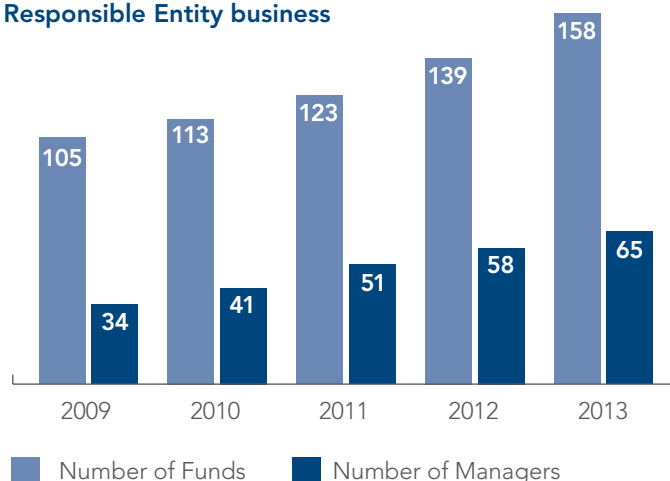
Function

The Corporate Fiduciary & Financial Services (CFFS) unit comprises: and

- **Corporate Fiduciary Services** – RE trustee services for managed funds on behalf of local and international fund managers and sponsors; and
- **Financial Services (Funds Distribution)** – Management and coordination of distribution and marketing for the co-branded wholesale and retail funds to the IDPS and advisor market. Through our partnership with investment managers, investors and advisers can access investments in:
 - **Fixed interest** – PIMCO Australia;
 - **Specialist Australian equities and Australian REITs** – SG Hiscock & Company;
 - **Global REITs** – LaSalle Investment Management (Securities);
 - **International equities** – Dundas Global Investors; and
 - **Core Australian Equities and Income** – EQT Asset Management.

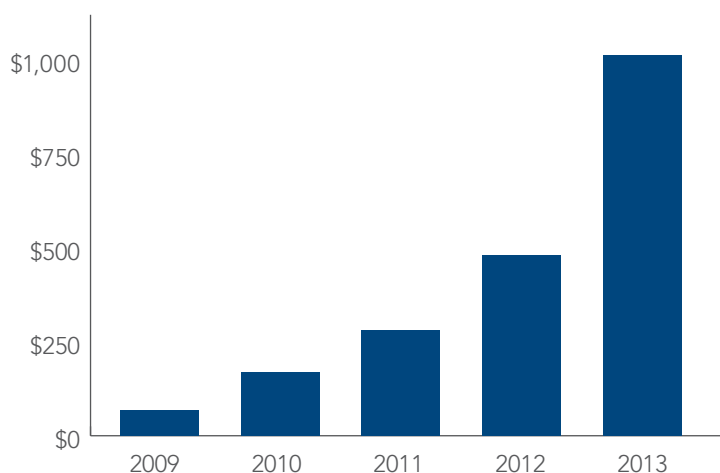
Operational highlights

Responsible Entity business



CFFS revenue grew by 18.6%, all from organic business development and new client relationships.

Net inflows for funds distributed by EQT (\$m)



In the Corporate Fiduciary Services area:

- Continued to expand Sydney-based RE resources to help cement fund manager relationships and broad new business development activities.
- Added a net 19 new funds, servicing a net increase of 7 managers. The net fund increase includes the closure of 18 funds which were either no longer financially viable or which had not attracted the seed funding needed to make a successful market impact.
- Total RE FUM increased to \$29.0b. Broader range of fund types being created.

In the Funds Distribution area:

- Co-branded funds generated strong net inflows – in excess of \$1b, up 110% on the previous year.
- Key account strategy of targeting large dealer groups and IFAs (boutique financial planning) being maintained and success in penetrating approved product lists and model portfolios.
- Completed an agreement with Dundas Global Investors to co-brand global equity funds for the local retail market.
- PIMCO was named Money Management/Lonsec Fixed Interest Fund Manager of the Year. PIMCO's reputation and success are reflected in the record net inflows in 2013.

Outlook

- New RE opportunities continue to arise and our global marketing campaign will be maintained.
- Although we have benefited in 2013 from continuing strong flows to defensive asset funds we are positioned to leverage on a swing back to growth assets in both our distribution role and as an RE.
- The impact of the new capital standard on pricing and margins is being monitored – we anticipate this to have some market impact but the overall margin increase required across our client book to equalise the return on investment outcome is estimated to be less than 1 basis point.

Group Leadership Team

Ryan Bessemer

GENERAL MANAGER, OPERATIONS & TECHNOLOGY

Joined January 2011

George Boubouras

CHIEF INVESTMENT OFFICER

Joined April 2013

Rob Jenkins

GENERAL MANAGER, HUMAN RESOURCES

Joined May 2006

Harvey Kalman

HEAD OF CORPORATE FIDUCIARY & FINANCIAL SERVICES

Joined January 2000

Philip Maddox

HEAD OF LEGAL, RISK MANAGEMENT & COMPLIANCE

Joined November 2001

Geoffory Rimmer

HEAD OF PRIVATE WEALTH SERVICES

Joined July 2012

Terry Ryan

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Joined January 2003

Board of Directors



**JA (Tony) Killen OAM –
CHAIRMAN**

BA, FAICD, FAIM

Chairman – Appointed
30 August 2007.

Non-Executive Director –
Appointed September 2002.

Member of Equity Trustees’
Remuneration, Human
Resources & Nominations
Committee since September
2004.

Tony is Chairman of listed
company Templeton Global
Growth Fund Ltd and Chairman
of CCI Asset Management
Ltd. He is also a non-executive
director of Victoria Golf Club
Limited and Catholic Church
Insurance Ltd.

Tony is a former Group
Managing Director and Chief
Executive Officer of AXA Asia
Pacific Holdings Ltd, having
had a 36 year career with the
National Mutual/AXA group.
He was also Chairman of
Australia’s largest not-for-profit
health services provider, Sisters
of Charity Health Service Ltd.
Tony was also a non-executive
director of listed company
IRESS Market Technology Ltd
and Chairman of Sisters of
Charity Community Care Ltd.

In 2010, Mr Killen was awarded
the Medal of the Order of
Australia.



**Robin BO Burns
MANAGING DIRECTOR**

DipAcc, FAICD

Executive Director since
1 March 2010

Member of the newly created
Board Investment Committee
from 1 July 2013.

Robin was appointed
Managing Director of
Equity Trustees on 1 March
2010. Before joining Equity
Trustees he was, from 2002,
Chief Executive Officer of
Equipsuper Pty Ltd, the trustee
company for the Equipsuper
multi-employer superannuation
fund. Robin is a non-executive
director of the Financial
Services Council.

Robin previously worked
for AXA Asia Pacific, where
he held the positions of
General Manager, Corporate
Affairs and Chief Executive,
Risk Insurance and for the
stockbroking firm Prudential
Bache Securities (Australia),
where he was Managing
Director, having joined the firm
as Chief Financial Officer.

Robin has 27 years of
experience in the financial
services industry. He gained his
initial professional qualification
as a chartered accountant in
the UK in 1981.



**David F Groves
DEPUTY CHAIRMAN**

BCom, MCom, CA, FAICD

Deputy Chairman since
December 2007.

Non-Executive Director since
November 2000.

Chairman of Equity Trustees’
Audit & Compliance
Committee since January 2003.

David is a director of Pipers
Brook Vineyard Pty Ltd, BCD
Resources NL and Kambala,
a leading girls’ school in
Sydney. He is also an executive
director of a number of private
companies.

David is a former director
of Tassal Group Limited,
GrainCorp Limited, Mason
Stewart Publishing, and
Camelot Resources NL,
and a former executive with
Macquarie Bank Limited and
its antecedent, Hill Samuel
Australia.



Alice JM Williams
DIRECTOR

BCom, FCPA, FAICD, ASFA
AIF, CFA

Non-Executive Director –
Appointed September 2007.

Member of Equity Trustees’
Remuneration, Human
Resources & Nominations
Committee since July 2011.
Appointed Chairman in
August 2011.

Member of the newly created
Board Investment Committee
from 1 July 2013.

Member of Equity Trustees’
Audit & Compliance Committee
between September 2007 and
February 2012.

Alice has over 25 years’ senior
management and Board level
experience in the corporate and
Government sectors specialising
in investment management,
corporate advisory and equity
fundraising.

Other non-executive
directorships include;
Djerriwarrh Investments Ltd,
Defence Health, Guild Group
Holdings Limited, Strategic
Analytics (Australia) Pty Ltd,
Victorian Funds Management
Corporation and Port
Melbourne Corporation. Alice
is also a council member at the
Cancer Council of Victoria.

Alice was formerly a director of
Avion Technology Pty Ltd, State
Trustees, NM Rothschild and
Sons (Australia) Limited, Director
of Strategy and Planning for
Ansett Australia Holdings
Limited and a Vice President at
JP Morgan Australia.



**The Hon Jeffrey
G Kennett AC**
DIRECTOR

HonDBus (Ballarat)

Non-Executive Director –
Appointed September 2008.

Member of Equity Trustees’
Remuneration, Human
Resources & Nominations
Committee since September
2008.

Jeff was an Officer in the Royal
Australian Regiment, serving
at home and overseas. He was
a Member of the Victorian
Parliament for 23 years, and
was Premier of Victoria from
1992 to 1999.

Jeff is currently Chairman
of Open Windows Australia
Proprietary Limited, CT
Management Group Pty Ltd,
Amtek Corporation Pty Ltd
and beyondblue, the national
depression initiative. He is
also Chairman of the Board
of Management of PFD Food
Services Pty Ltd and a Director
of Jumbuck Entertainment
Limited.

He is currently patron of
a number of community
organisations and was formerly
President of the Hawthorn
Football Club.

In 2005, Mr Kennett was
awarded the Companion of the
Order of Australia.



Anne M O'Donnell
DIRECTOR

BA (Bkg & Fin), MBA, FAICD,
SF Fin

Non-Executive Director –
Appointed September 2010.

Member of Equity Trustees’
Audit & Compliance Committee
since December 2010.

Member of the newly created
Board Investment Committee
from 1 July 2013.

Chair of Equity Trustees
Superannuation Limited since
July 2012, a wholly owned
subsidiary of the group.

Anne has some 30 years’
experience in the finance sector.
She is an experienced executive
and non-executive director in
the listed, not-for-profit, and
mutual sectors.

Anne is a director of the
Australian Institute of Company
Directors, Community CPS
Australia Ltd (trading as Beyond
Bank Australia), Eastwoods Pty
Ltd and The Winston Churchill
Memorial Trust. Anne is also an
external member of the UBS
Global Asset Management
(Australia) Ltd Compliance
Committee and a member of IP
Australia Audit and Evaluation
Committee.

Anne is the former Managing
Director of Australian Ethical
Investment Ltd. Anne was
formerly a director of the
Financial Services Council, The
Centre for Australian Ethical
Research Pty Ltd, the ANZ Staff
Superannuation Fund and The
Grain Growers Association Ltd.



Kevin J Eley
DIRECTOR

CA, F FIN

Non-Executive Director –
Appointed November 2011.

Member of Equity Trustees’
Audit & Compliance Committee
since November 2011.

Chairman of the newly created
Board Investment Committee
from 1 July 2013.

Kevin is a Chartered Accountant
and a Fellow of the Financial
Services Institute of Australia.
He has over 30 years’ experience
in management, financing and
investment and has worked for
a major international accounting
firm, two investment banks and
was CEO of HGL Limited and
remains as a non-executive
director.

Other current non-executive
directorships include: Kresta
Holdings Limited, Milton
Corporation Limited and PO
Valley Energy Limited.

Kevin’s previous public company
directorships were Desane
Group Holdings Limited,
Solander Holdings Limited,
Leutenneger Limited, Laubman
and Pank Limited and Sabre
Group Limited.

“

2013 marks the 125th anniversary of the Company...

having been established in 1888 by its own Act of the Victorian Parliament. Since then the Company has been very successful in providing high-quality and valued services for its clients, maintaining an unparalleled reputation for integrity, professionalism, trust and independence, generating attractive returns for its owners, and striving to be a stimulating, supportive and rewarding employer. Whilst the history is interesting and inevitably has shaped what the Company is today, it is the future that demands our attention and focus. The composition of public company boards has changed markedly during these 125 years, but today's Equity Trustees board is as confident and enthusiastic about the Company's future, strategic intent, values and directions as the original seven directors were back in 1888.

”

Information for Shareholders

Annual General Meeting

The Board of Directors of Equity Trustees Limited has great pleasure in inviting all shareholders of the Company to attend the Annual General Meeting (AGM).

The AGM will be held on Friday 25 October 2013 commencing at 11.00am (Australian Eastern Daylight Savings Time) at the RACV Club, Level 2, 501 Bourke Street, Melbourne.

All Directors will be in attendance as will the Company's external auditor. Light refreshments will be served at the conclusion of the meeting.

A separate Notice of Meeting accompanies this Shareholder Review. If you are planning to attend the meeting in person, please bring the accompanying letter with you to facilitate entry.

If you are unable to attend the AGM you are encouraged to complete the proxy voting form, which accompanies the Notice of Meeting. The proxy form should be returned in the envelope provided or else can be faxed to our share registry, Computershare, on **1800 783 447** (within Australia) or **+61 3 9473 2555** (outside Australia).

Please ensure that all proxy forms are received no later than **11.00am on Wednesday, 23 October 2013.**

Key dates for shareholders

Wednesday, 18 September 2013

Record date for 2013 final dividend

Wednesday, 16 October 2013

Payment date of 2013 final dividend

Friday, 25 October 2013 at 11.00am

Annual General Meeting

RACV Club, Level 2

501 Bourke Street

Melbourne, Victoria 3000

Thursday, 27 February 2014

Announce half-year results and interim dividend

Wednesday, 16 April 2014

Interim dividend paid

Equity Trustees 2013 Annual Report

A copy of Equity Trustees 2013 Annual Report has been mailed to all shareholders who have previously elected to receive a hard copy of the document.

The Annual Report can be viewed on our website:

<http://www.eqt.com.au/shareholders/company-announcements.aspx>

In order to change your election for receipt of a hard copy of our Annual Report, or to request a hard copy be mailed to you, please contact our share registry, Computershare, as follows:

Phone: **1300 850 525 (within Australia)** or
+61 3 9473 2500 (outside Australia)

Website: **www.investorcentre.com**

Equity Trustees Limited

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2013 ANNUAL REPORT



Directory

Board of Directors

J A (Tony) Killen OAM,
BA, FAICD, FAIM
(Chairman, Non-executive)

Robin BO Burns,
DipAcc, FAICD
(Managing Director)

David F Groves,
BCom, MCom, CA, FAICD
(Deputy Chairman, Non-executive)

Alice JM Williams,
BCom, FCPA, FAICD, ASFA AIF, CFA
(Non-executive)

The Hon Jeffrey G Kennett AC,
HonDBus (Ballarat)
(Non-executive)

Anne M O'Donnell,
BA (Bkg & Fin), MBA, FAICD, SF Fin
(Non-executive)

Kevin J Eley,
CA, F FIN
(Non-executive)

Company Secretary / Chief Financial Officer

Terry Ryan,
BBus, FCA, F Fin

Joint Company Secretary

Philip B Maddox,
LLB, BA, GDipAppFin (Finsia)

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria, 3000

Share Registry

Computershare Investor
Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria, 3067

Registered Office

Level 2, 575 Bourke Street
Melbourne, Victoria, 3000
Telephone: (03) 8623 5000
Facsimile: (03) 8623 5200
Email: equity@eqt.com.au

Annual General Meeting

11.00am, Friday 25 October 2013
Level 2, RACV Club
501 Bourke Street, Melbourne

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Directors' Report

for the Financial Year Ended 30 June 2013

The directors of Equity Trustees Limited (EQT, Equity Trustees or the Company) submit herewith the annual financial report for the financial year ended 30 June 2013. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report is as follows:

The names of directors of the Company during or since the end of the financial year are:

JA (Tony) Killen OAM, Chairman
Robin BO Burns, Managing Director
David F Groves, Deputy Chairman
Alice JM Williams
The Hon Jeffrey G Kennett AC
Anne M O'Donnell
Kevin J Eley

Details of directorships and experience are summarised in the Board of Directors' Profiles, following this report.

Company secretaries

Mr Terry Ryan, Chartered Accountant, held the office of joint Company Secretary during and since the end of the financial year. Mr Ryan joined Equity Trustees Limited in 2003 and previously held senior finance, administration and secretarial roles in the financial services industry and is a fellow of the Institute of Chartered Accountants and the Financial Services Institute of Australasia.

Mr Philip B Maddox, Lawyer, held the office of joint Company Secretary during and since the end of the financial year. Mr Maddox joined Equity Trustees Limited in 2001 and previously held senior managerial and operational roles in the trustee industry. He is a member of the Law Institute of Victoria and currently holds a Legal Corporate Practising certificate.

Principal activities

The principal activities of the Equity Trustees Limited Group (the Group) during the course of the financial year involved the provision of a range of financial services to clients of the Private Wealth Services (PWS) and Corporate Fiduciary & Financial Services (CFFS) business units. Further details pertaining to the activities of the business units are summarised below.

Review of operations

For the year ended 30 June 2013, the Group earned a net profit after tax of \$8,671,401 compared to the prior year amount of \$8,381,113, a 3.5% increase. Although this increase is pleasing, it was materially impacted by \$1.16m (nil tax benefit) of transaction costs relating to the Company's off-market takeover offer to acquire the shares in The Trust Company Limited (ASX: TRU). Refer to further details under subsequent events.

The pretax operating profit, excluding the TRU acquisition costs and other non-operating items, shows an increase of approximately 18%. This increase reflects an improvement in the operating margin, which has lifted from 25.6% to 27.7%. The margin improvement arises from a 9% increase in revenue compared to a 6% increase in expenses.

Earnings per share has remained flat at 96.65 cents per share (cps), compared to 96.74 cps in the prior year. Although there was a 3.5% increase in net profit after tax, the increase in weighted average shares on issue during the year has had a marginal dilution impact. To illustrate the improvement in operating performance, if the impact of the takeover offer transaction costs is excluded then underlying earnings per share would have been 109.59 cps, a 13.3% increase over the prior year.

In assessing the quantum of the 2013 final dividend the Board had regard to the impact of the non-operating takeover offer costs and approved a fully franked final dividend of 50 cps, giving a total fully franked dividend for the 2013 year of 92 cps. This equates to a payout ratio of 95%, however, it should be noted that it is 84% of underlying profit. The dividend of 92 cps represents a current yield of approximately 6%.

In terms of business unit performance, both PWS and CFFS made solid contributions to Group profit and generated satisfactory margins.

PWS is implementing a major initiative to grow revenue and earnings and additional development resources have been provided in this business unit. Revenue was up 2.7% from \$27.0m to \$27.8m during the 2013 year. In future years we expect to see improved revenue growth as a result of the current initiatives. During the year we relocated and expanded the premises of our Aged Care advisory business in Kew, which will provide a better client experience and facilitate cross-sales of other PWS services. We have entered into a referral partnership with a major wealth management network which will lead to growth in EQT's estate planning and will writing services. Funds under management, advice or administration in PWS increased by 13.1% from \$2.9b to \$3.3b.

CFFS achieved very good growth in each of the responsible entity and funds distribution activities, with a net increase of 19 in the number of funds for which we provide responsible entity services, from 139 to 158. The number of investment managers for which we provide responsible entity services increased from 58 to 65 over the period. This increased base has resulted in strong revenue growth of 18.6%, from \$15.6m to \$18.6m. In addition to the growth in Funds under Management/Administration arising from new responsible entity relationships there is a continuing net inflow into existing funds.

For the co-branded funds, where EQT is also responsible for distribution and marketing, the net inflows were approximately \$1b, up 110% on the previous year's net inflows. Overall, CFFS Funds under Management/Administration increased by 37.6%, from \$21.1b to \$29.0b.

In regards to the support business units the Group previously announced a major efficiency project to streamline the transaction processing, administration, systems and procedures on a group-wide basis. This project is approximately 50% complete with the majority of project streams on schedule. We expect to complete this project by the end of the 2014 financial year. The project will create significant expense efficiencies and provide room for business growth at lower marginal cost.

During the 2013 year we commenced a re-structure and enhancement of the in-house asset management team, with a key objective to ensure that a single investment approach be applied across all of the business units. To facilitate this model we created a new Board Investment Committee and revised the underlying management structures.

As a financial services organisation we place great importance on risk management, compliance and governance issues. During the year significant work was undertaken in relation to the Group's risk management activities. A risk management framework and plan were also submitted for the new MySuper applications for various superannuation funds where the Group acts as trustee. Significant work has been undertaken during the year in readiness for regulatory changes, including the Future of Financial Advice (FoFA) and Stronger Super initiatives from the federal government. External consulting and implementation costs were incurred for these initiatives, in addition to the costs incurred internally, but were absorbed into the overall 6% increase in operating expenses.

The general investment climate showed some improvement during the year and therefore provided some assistance to revenue and improved confidence that growth asset classes will see a resurgence of interest and inflows. The Group now earns a higher percentage of revenue from fees-for-service than in previous periods and we anticipate that this trend will continue. As a result of this factor the correlation between market values and revenue is gradually declining. Overall, however, growth in the total investment and superannuation sectors in Australia provides a positive impetus for our activities.

The Statement of Financial Position discloses that net assets have increased by 5.2% from \$59.5m to \$62.6m, of which goodwill and intangible assets amount to \$43.6m, up from \$42.5m. Although the percentage of shareholders' equity comprised by intangible assets may appear high this is a normal situation for a financial services business. The most recent impairment review test, using future discounted cashflows, reconfirmed that there is good headroom above the carrying values of goodwill and intangibles.

The after tax return on equity for the year (\$8.7m as a percentage of \$61.0m average) was 14.2%, compared to 14.6% for the prior year. The balance sheet is debt free.

In addition to the need to maintain a satisfactory capital position for business purposes, companies in the Group are obliged to meet a number of regulatory capital standards. An increased capital standard to support responsible entity activities will apply to the holding company on 1 July 2014. The Group has been anticipating this obligation and consistent with this approach the 2013 final Dividend Reinvestment Plan (DRP) will be fully underwritten. In 2012 the interim DRP was underwritten. The 2013 final dividend will be payable on 16 October 2013 and the underwritten value of the final dividend not subject to the DRP will be issued in new shares at the same price as determined by the DRP rules. This will be determined after the Record Date of 18 September 2013.

The overall capital position remains an area of ongoing Board oversight and it will be considered in relation to the potential acquisition of The Trust Company Limited. Refer to an outline of the takeover offer under subsequent events, on page 6.

The Group's future focus will be to deliver on organic growth opportunities in each of the business units and the completion of the operational efficiency project. Whilst there remain good opportunities to grow the CFFS business, leveraged to the overall growth of the investment markets and superannuation in Australia, we see a significant opportunity to develop and improve our share in the private wealth management industry. The need and demand for advice on personal financial matters, at different life stages, is expected to continue to grow and the re-shaping of the advice services sector over future periods should provide an environment that benefits an organisation such as Equity Trustees. In addition, a disciplined approach to acquisition opportunities will be maintained consistent with the overall strategic objectives noted above.

The two business units, their function and 2013 revenue performance is summarised as follows:

Business unit	Key functions	2013 performance
Private Wealth Services	The provision of personal financial and superannuation services including: • Personal Estates & Trusts – estate planning, trustee, executor, taxation, and philanthropic services; • Wealth Management – personalised portfolio management and support services; • Asset Management – overseeing the investment process for internal and external clients and managing internal funds; • Aged Care Services – financial planning advice, placement advice and training services specialising in the aged care sector; and • Portfolio Services – employer services, personal superannuation and managed accounts in the superannuation sector.	Operating revenue up 2.7% to \$27.8m (2012: \$27.0m) Funds/Assets under management up 13.1% to \$3.3b (2012: \$2.9b)
Corporate Fiduciary & Financial Services	Responsible Entity trustee services for managed funds on behalf of local and international managers and sponsors. Management and coordination of distribution and marketing for Equity Trustees co-branded retail and wholesale funds.	Operating revenue up 18.6% to \$18.6m (2012: \$15.6m) Funds under management/administration up 37.6% to \$29.0b (2012: \$21.1b)

Changes in the state of affairs

During the financial year, there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

Subsequent events

The following provides a summary of the key points relating to a takeover offer by the Company:

- On 21 February 2013, Equity Trustees Limited (ASX: EQT) announced its intention to make an off-market takeover offer for all of the shares in The Trust Company Limited (ASX: TRU). The offer was 33 EQT shares for every 100 TRU shares.
- A Bidder's Statement was issued on 27 March 2013 and contained an offer closure date of 6 May 2013.
- On 23 April 2013, EQT's offer period was extended to 5 June 2013.
- On 7 May 2013, TRU announced that it had entered into a Scheme Implementation Agreement with Perpetual Limited (ASX: PPT) to implement a scheme of arrangement to acquire 100% of TRU's shares. The consideration was 0.1495 PPT shares, or a cash equivalent (subject to a cap on the total cash available), for each TRU share. In addition, there would be a payment of a 22 cent special dividend per TRU share, paid by TRU.
- On 14 May 2013 EQT announced a revised proposal, which was formalised on 21 June 2013. EQT's revised proposal increased the consideration under the offer from 33 to 37 EQT shares for each TRU share. In addition, EQT announced that it would match the PPT offer in relation to the 22 cent special dividend per TRU share, paid by TRU.
- On 27 May 2013, EQT's offer period was extended to 31 July 2013.

- On 22 July 2013, EQT's offer period was extended to 30 September 2013.
- On 1 August 2013, the Australian Competition & Consumer Commission (ACCC) published a Statement of Issues outlining preliminary competition concerns in relation to PPT's proposal to acquire 100% of TRU's shares. In the Statement of Issues the ACCC stated that it anticipated that a final decision in relation to its review of the proposed PPT/TRU merger will be made on 19 September 2013.

Apart from the above, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future developments

Apart from matters disclosed elsewhere in this report, disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Dividends

In respect of the financial year ended 30 June 2012:

- An interim dividend of 40 cps, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 17 April 2012.
- A final dividend of 45 cps, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 16 October 2012.

In respect of the financial year ended 30 June 2013:

- An interim dividend of 42 cps, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 17 April 2013.

- iv. Subsequent to 30 June 2013, the directors declared a final dividend of 50 cps, franked to 100% at 30% corporate income tax rate, payable to holders of fully paid ordinary shares on 16 October 2013.

Indemnification of directors, officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors, company secretaries and officers of the Group against a liability

incurred as a director, secretary or officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify a director, a company secretary, an officer or auditor of the Company or any related body corporate against a liability incurred as such a director, company secretary, officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 32 Board meetings, 14 Committee of the Board meetings, 5 Remuneration, Human Resources & Nominations Committee (Remuneration Committee) meetings and 14 Audit & Compliance Committee (A&CC) meetings were held.

Directors in attendance	Board meetings		Committee of the Board meetings ¹		Remuneration Committee meetings		A&CC meetings	
	Eligible to attend ²	Attended	Eligible to attend ²	Attended	Eligible to attend ²	Attended	Eligible to attend ²	Attended
JA (Tony) Killen	32	32	6	6	5	5	-	-
RBO Burns	32	32	12	12	-	-	-	-
DF Groves	32	32	14	14	-	-	14	14
AJM Williams	32	30	7	7	5	5	-	-
JG Kennett	32	32	3	3	5	5	-	-
AM O'Donnell	32	28	9	9	-	-	14	13
KJ Eley	32	32	10	10	-	-	14	14

¹ Committee of the Board meetings are constituted by at least any two directors acting pursuant to the authority of the full Board.

² Meetings held that the director was eligible to attend whilst holding office.

Directors' shareholding

The following table sets out each director's relevant interest in shares as at 30 June 2013. All shares are fully paid ordinary shares.

Director	Number of shares
DF Groves	640,961
KJ Eley	34,832
JG Kennett	19,279
JA (Tony) Killen	15,982
AM O'Donnell	1,050
RBO Burns	1,000
AJM Williams	436

Remuneration Report

The Board's policy on executive remuneration is designed to attract and retain high calibre staff and to reward executives for achieving financial and other business goals, which in turn, increases shareholder wealth.

Executive remuneration is structured in a manner that:

- aligns it with short and long-term business targets of the Group;
- aligns the interests of executives and shareholders by providing rewards to executives for creating shareholder value; and

- is market competitive in order to attract and retain high calibre executives.

Remuneration of all executives is reviewed on an annual basis by the Remuneration Committee and determined with regard to current market rates, Group performance and individual executive performance. The committee is guided by market and industry data through subscriptions to remuneration survey data (HayGroup/AonHewitt) to which the Company is also an annual data contributor.

Executive remuneration packages contain the following key elements:

- Salary – this fixed remuneration component is set annually based on the level of responsibility and market competitiveness for individual executives;
- Non-monetary – includes eligible salary sacrificed items and fringe benefits tax. This includes any sacrificed amounts into EQT shares, as noted under vi;
- Post-employment – includes Superannuation Guarantee Charge (SGC), and other superannuation payments;
- Short-term Performance Incentives – this annual at-risk component is based on the achievement of key performance criteria. Achievement of company and business unit prerequisite measures is required for any incentive amount to be awarded. Maximum cash awards are capped at up to 60% of Total Employment Cost (TEC) for each executive;

- v. Other long-term employee benefits – includes the movement in accrual for long service leave; and
- vi. Share-based payments – Long-term Incentive Plan (LTiP), Employee Share Acquisition Plan (ESAP) and EQT Salary Sacrifice Share Plan:
 - The LTiP awards (Awards) may be granted each year to selected executives under the Executive Performance Share Plan 1999. Maximum annual share-based awards are capped at up to 60% of TEC for each executive.
 - The ESAP may be granted each year and if granted, provides for eligible employees to receive up to \$1,000 of EQT shares p.a. These shares are held in escrow for three years, or until cessation of employment, if earlier than three years. Eligible employees are those with over three months' service and who have satisfactorily completed their probation as at 30 June 2013.
 - The EQT Salary Sacrifice Share Plan allows directors and employees to sacrifice up to \$5,000 of salary p.a. into EQT shares. The sacrificed amount is included in non-monetary items, as per ii.

In summary, the EQT executive remuneration structure comprises fixed salary and short and long-term variable components. Executive package components are reviewed and structured annually to focus individuals on, and to reward achievement of, specific measures and targets with both short and medium-term horizons.

Details of incentive plans

Short-term performance incentives

These are calculated by reference to agreed key performance indicators for the year ended 30 June 2013. These include Group profitability, revenue growth, expense control, and other performance criteria specific to the respective executive's responsibilities. These performance criteria were chosen so as to provide a suitable incentive for executive performance for the benefit of shareholders and other stakeholders.

The measurement of criteria is assessed by adopting a balanced scorecard approach, with each criterion given a threshold representing the minimum incentive and a stretch threshold representing an excellent achievement, for which the maximum incentive is paid. In all cases, the Remuneration Committee confirms the appropriateness of the criteria, appropriate thresholds and, at the conclusion of the measurement period, confirms the level of achievement.

Across all staff, the maximum short-term incentive opportunity is in the range of 5% to 60% of TEC.

For the year ended 30 June 2013 the key performance criteria being Group revenue and profitability and business unit revenue were partially achieved. Accordingly, across all staff, approximately 59% of the maximum short-term incentive opportunity was accrued or paid.

Long-term performance incentives

These are offered to executives via the grant of Awards which confer the right to acquire shares at no cost subject to meeting prescribed performance hurdles. The details of these incentives are outlined on page 11 under the heading, Executive Performance Share Plan. The accounting cost of long-term performance incentives is spread over the measurement (vesting) period, with a cost of \$272,224 accrued for the year to 30 June 2013 (2012: \$147,515).

The maximum share based long-term performance incentive is in the range of 25% to 60% of TEC.

The Board believes that the operational and financial performance of the Group over the last five years has been solid, relative to economic conditions, and it is of the view that the remuneration policy has enabled the Group to attract and retain high quality management, and that financial rewards to executives are considered appropriate having regard to the Group's relative performance.

The table below provides summary information outlining the Group earnings and movements in shareholder wealth for the five years to 30 June 2013:

Table 1

	30 June 2013 \$'000	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2009 \$'000
Revenue	47,482	43,647	39,865	35,277	34,501
Net profit before tax	12,517	11,691	11,484	11,477	11,250
Net profit after tax	8,671	8,381	8,229	8,045	8,012

	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
Share price at start of year	\$11.06	\$13.90	\$15.20	\$14.50	\$21.80
Share price at end of year	\$14.90	\$11.06	\$13.90	\$15.20	\$14.50
Interim dividend ¹	42 cps	40 cps	50 cps	50 cps	50 cps
Final dividend ^{1,2}	50 cps	45 cps	50 cps	60 cps	60 cps
Total dividend	92 cps	85 cps	100 cps	110 cps	110 cps
Basic earnings per share	96.65 cps	96.74 cps	97.01 cps	96.60 cps	98.45 cps
Diluted earnings per share	95.50 cps	95.99 cps	96.34 cps	96.02 cps	97.93 cps

1 All dividends are franked to 100% at 30% corporate income tax rate.

2 Declared after balance date and not reflected in the financial statements as at 30 June.

Directors' remuneration

The following table discloses the directors of Equity Trustees Limited during the year, together with remuneration entitlements.

Directors' fees were increased effective 1 July 2011 after three years of no increases and to reflect renewal of the Board and market rate movements. No increases were made during 2012/13 however, Anne O'Donnell was appointed Chairperson of a wholly owned subsidiary company, Equity Trustees Superannuation Limited, and received additional fees in that capacity.

Directors' fees are reviewed annually by the Remuneration Committee having regard to analysis of the market and industry based data and trends. Fees are set to attract and retain high calibre directors and to reflect the workload and contribution required, the significant number of meetings scheduled each year and their role and responsibilities on the various committees of the Board. Non-executive directors' remuneration consists of a fixed annual fee with no element of performance-related pay.

Table 2

Directors	Short-term benefits			Post-employment benefits		Long-term employee benefits	Share-based payments ⁴	Total
	Fee/salary \$	Bonus \$	Non-monetary ¹ \$	Superannuation ² \$	DRA ³ \$	\$	\$	\$
Non-executive Directors								
JA (Tony) Killen, Chairman								
2013	165,000	-	-	14,850	2,819	-	-	182,669
2012	165,000	-	-	14,850	4,645	-	-	184,495
DF Groves, Deputy Chairman								
2013	99,620	-	5,000	20,730	5,523	-	-	130,873
2012	105,000	-	5,000	15,350	15,124	-	-	140,474
AJM Williams								
2013	82,500	-	5,000	7,875	-	-	-	95,375
2012	96,875	-	-	8,719	-	-	-	105,594
JG Kennett								
2013	80,000	-	5,000	7,650	-	-	-	92,650
2012	80,164	-	5,000	7,665	-	-	-	92,829
AM O'Donnell								
2013	124,587	-	5,000	11,663	-	-	-	141,250
2012	90,000	-	5,000	8,550	-	-	-	103,550
KJ Eley ⁵								
2013	90,000	-	5,000	8,550	-	-	-	103,550
2012	30,630	-	5,000	26,500	-	-	-	62,130
JR McConnell ⁶								
2012	6,042	-	-	28,475	-	-	-	34,517
Executive Director								
RBO Burns, Managing Director								
2013	425,689	181,440	7,841	16,470	-	3,905	153,319	788,664
2012	420,238	91,800	13,987	15,775	-	4,563	80,618	626,981

1 Non-monetary items include eligible salary sacrificed items and any fringe benefits tax. This includes any sacrificed amounts into EQT shares in accordance with the EQT Salary Sacrifice Share Plan.

2 Superannuation includes the SGC and, in some cases, additional superannuation payments that have been sacrificed from directors' fees and entitlements.

3 Directors' Retiring Allowance (DRA) represents the movement in the accrual for directors' retiring allowance and is calculated in accordance with the accounting policy as outlined in note 3.8 to the financial statements. At the 2005 AGM, shareholders approved an increase in the directors' fees cap on the condition that the DRA scheme was grandfathered for existing directors and closed to future directors. The DRA for then participating directors was frozen as at 31 December 2005, however the frozen amounts are inflation adjusted annually for the movement in CPI. Upon retirement, directors participating in the DRA scheme are paid their DRA balance, as noted below.

4 This is the expensed accounting cost of the actual and potential outcomes of the Awards made in 2010/11, 2011/12 and 2012/13. Refer also to footnote 3 on page 10.

5 Mr K J Eley was appointed a director on 25 November 2011.

6 Mr J R McConnell retired as a director on 28 October 2011 and was paid a DRA of \$93,068 from the frozen DRA balance plus a CPI adjustment, where the annual CPI adjustment has been included in each annual Remuneration Report since the fund was frozen in 2005.

There were no termination payments made to directors during the year ended 30 June 2013 (2012: Retirement payment to Mr JR McConnell of \$93,068).

Executive remuneration

Remuneration entitlements of the key management personnel of the Group during the year are made up of a cash component, as well as an accounting-based accrual for such items as long-term employee benefits and share based payments, as per the following table:

Table 3

Executives	Short-term benefits		Post employment benefits	Total employment Cost (TEC)	Short-term bonus / incentive	Long-term employee benefits	Share-based payments ³	Total
	Salary \$	Non-monetary ¹ \$	Superannuation ² \$	\$	\$	\$	\$	\$
HH Kalman, Head of Corporate Fiduciary & Financial Services								
2013	277,243	6,287	16,470	300,000	115,524	2,536	48,026	466,086
2012	276,130	8,095	15,775	300,000	36,945	10,734	7,599	355,278
T Ryan, CFO & Company Secretary								
2013	266,819	8,311	24,870	300,000	95,970	5,166	48,026	449,162
2012	242,074	8,551	49,375	300,000	38,865	16,609	7,599	363,073
GR Rimmer, Head of Private Wealth Services ⁴								
2013	259,644	5,000	28,171	292,815	86,220	1,145	31,954	412,134
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
RE Bessemer, General Manager Operations & Technology								
2013	206,422	-	16,470	222,892	59,832	2,966	33,486	319,176
2012	182,340	-	15,113	197,453	24,137	1,170	9,520	232,280
PB Maddox, Head of Legal Risk Management & Compliance								
2013	217,431	-	19,569	237,000	40,725	1,594	37,814	317,133
2012	217,431	-	19,569	237,000	21,339	11,425	4,852	274,616
PJ Gallagher, Head of Wealth Management ⁵								
2013	174,776	8,266	7,825	190,867	-	(1,587)	(15,685)	173,595
2012	171,893	14,170	13,937	200,000	22,398	1,228	15,685	239,311
LD Wraith, Head of Personal Estates & Trusts ⁶								
2013	165,184	-	14,491	179,675	-	(14,738)	(40,275)	124,662
2012	245,737	-	22,090	267,827	32,176	8,839	6,175	315,017
SR Manuell, Head of Asset Management ⁷								
2013	109,316	-	9,607	118,923	18,578	2,760	(45,637)	94,624
2012	239,225	-	15,775	255,000	74,810	13,164	5,511	348,485
AD Young, Managing Director, Equity Trustees Superannuation Limited ⁸								
2013	40,077	719	1,754	42,550	-	(3,555)	-	38,995
2012	200,312	8,622	46,066	255,000	32,844	13,031	-	300,875

1 Non-monetary items include eligible salary sacrificed items and any fringe benefits tax. This includes any sacrificed amounts into EQT shares in accordance with the EQT Salary Sacrifice Share Plan.

2 Superannuation includes the SGC and, in some cases, additional superannuation payments that have been sacrificed from salary.

3 Share-based payments relate to the value of Awards. The value attributable to Awards is based on the accounting cost, using the fair value at grant date. For the EPS criterion an assessment is made of the likely achievement of performance hurdles over the three year measurement period and the accounting cost is adjusted accordingly. The EPS criterion for the 2010/11 Series which ended on 30 June 2013 was achieved at 25% of the maximum. Where an executive ceases employment during the year, there is a write-back of prior year EPS accounting costs which can result in a negative figure in the current year. For the Total Shareholder Return (TSR) criterion the accounting standard requires the accounting cost to be spread over the measurement period regardless of the extent of achievement of the criterion. The TSR for the 2010/11 Series which ended on 30 June 2013 was not achieved, however in accordance with the TSR arrangements, a fourth year re-test will be conducted during the year ending 30 June 2014. Regardless of the outcome of TSR Awards, 100% of the accounting cost is charged against executive remuneration packages, even though the executive may receive a lesser award when measures are finalised.

4 Mr GR Rimmer became a key management person effective 2 July 2012. Therefore, comparative figures are not applicable.

5 Mr PJ Gallagher ceased to be a key management person effective 1 February 2013.

6 Mr LD Wraith ceased to be a key management person effective 31 December 2012.

7 Mr SR Manuell ceased to be a key management person effective 9 January 2013.

8 Mr AD Young ceased to be a key management person effective 31 July 2012.

n/a Not Applicable.

Link between profit outcomes and executive remuneration

In line with the short-term incentive criteria, short-term incentives and sales related bonuses, were earned by members of the executive team. Based on 2012/13 criteria, when compared to actual 2012/13 performance, approximately 59% (2012: 31%) of the maximum short-term incentive opportunity has been awarded to eligible employees. Individual awards to executives were in the range of 43% to 67% of maximum possible short-term incentives.

In relation to the long-term incentive measurement criteria, as described below, eligible participants were awarded 25% of their individual award for the EPS measure for the 2010/11 Series which ended 30 June 2013. No awards were made for the 2010/11 Series TSR measure as the required threshold was not achieved, however a fourth year re-test of the TSR measure will be conducted during the year ending 30 June 2014.

Employment agreements

The employment agreements for the Managing Director and key management personnel are ongoing, permanent full-time agreements which do not have a stipulated fixed term. The designated notice period for the Managing Director is six months. For Mr GR Rimmer it is three months, otherwise, notice periods are based on minimum statutory standards.

Executive Performance Share Plan

LTiP awards (Awards) are offered to executives under the Equity Trustees Limited Executive Performance Share Plan 1999 (the Plan). The first issue of Awards commenced with the 2005/06 Series and has continued in each subsequent year.

The structure of the Plan approved by the EQT Remuneration Committee forms part of the remuneration structure of eligible executives, in particular, the long-term incentive component of remuneration.

The following is an overview of the key features of the Plan as determined by the Remuneration Committee and approved by the Board:

- the Remuneration Committee will consider and approve participants under the Plan;
- the value of the Award is determined by the Remuneration Committee;
- the number of share entitlements issued to each participant for a particular Series is calculated by dividing the value of the Award by the weighted average share price of EQT shares traded during the three month period to 30 June of each year;
- the performance criteria are based on:
 - Total Shareholder Return (TSR) for the Managing Director only; and
 - EPS for all participants;
- the criteria are selected as they are aligned to long-term growth in shareholder value;
- TSR is defined as the increase in share price over the three year measurement period, plus dividends reinvested over the three year period. This is compared to a Comparator Group based on the ASX200 Index and a vesting scale applied;
- the vesting scale for live TSR Awards for series 2011/12 and 2012/13 is:
 - a TSR ranking of 50th percentile achieves 50% of the available Award; or
 - a TSR ranking of 75th percentile achieves 100% of the available Award;
- EPS is based on normalised operating profit before tax, which excludes approved non-operating items, such as profits/losses on the sale of investments. The EPS is compared to the base year and a vesting scale applied to calculate earned entitlements;
- the vesting scale for live EPS Awards is:
 - growth in pretax operating EPS of 5% p.a. over the three year measurement period achieves 25% of the available Award; or
 - growth in pretax operating EPS of 15% p.a. over three year measurement period achieves 100% of the available Award;
- the term of each Award series is a three year period, with additional performance assessments during the fourth year, if applicable. In relation to Awards aligned to the TSR criterion, if the full Award is not achieved after the initial three year period, a fourth year measurement period is undertaken. There is no fourth year EPS performance assessment, regardless of the outcome after the initial three year period;
- each share entitlement converts to one ordinary share of EQT on exercise;
- no amounts are paid or payable by participants on receipt of the share entitlements;
- the share entitlements carry neither rights to dividends nor voting rights;
- the number of share entitlements on issue is adjusted for any capital reconstructions during the measurement period;
- holders of share entitlements do not have a right, by virtue of the entitlements held, to participate in any new share issue of the Company;
- the participant must be employed within the Group for the duration of the measurement period to exercise any share entitlements;
- shares are subject to forfeiture conditions during the three year measurement period;
- shares can be assigned disposal restrictions of between zero and four years which will apply to shares issued following the three year measurement period;
- dividends are received by participants once awards are vested into shares;

- the use of hedging or derivative techniques is not permitted until shares are released from the forfeiture condition. If hedging or derivative techniques are used during the period when there is still a forfeiture condition in place, then the shares are forfeited; and
- the EQT Securities Dealing Policy also makes reference to the ban on hedging or derivative techniques and applies to all EQT employees.

In accordance with the Plan, variations to the above features may apply, where approved by the Board. The grant date for the 2012/13 Series was 26 July 2012 for executives and 26 October 2012 for the Managing Director. There were no alterations to terms or conditions of the 2012/13 Series compared to the prior year.

In relation to the 2010/11 Series, the minimum EPS criterion was achieved at the conclusion of the three year measurement period ended 30 June 2013. This has resulted in 8,330 EQT shares being awarded and the forfeiture of 24,989 EPS Awards. No shares were awarded under the TSR criterion which is subject to a fourth year re-test at the end of the year ending 30 June 2014.

The following unvested share-based payment arrangements under the LTIP were in existence during the period:

Award Series	Number at 30 June 2013	Grant date	Expiry date	Exercise price	Fair value at Grant date	Total maximum future accounting value of Grant*
				\$	\$	\$
2012/13 Series	73,216	**	30/06/2015	Nil	10.22	498,620
2011/12 Series	63,770	***	30/06/2014	Nil	9.64	145,354
2010/11 Series	8,044	****	30/06/2014	Nil	12.27	Nil

* The minimum future accounting value of each Grant is nil.

** The Grant date for executives was 26 July 2012 and for the Managing Director, 26 October 2012.

*** The Grant date for executives was 12 August 2011 and for the Managing Director, 28 October 2011.

**** These are TSR Awards applicable to the Managing Director only. The Grant date was 29 October 2010.

The share entitlements were valued by PricewaterhouseCoopers using an adjusted form of the Black-Scholes Option Pricing Model that incorporates a Monte Carlo simulation analysis. The model has been modified (for Award Series prior to the 2011/12 Series) to incorporate an estimate of the probability of achieving the TSR hurdle and the number of share entitlements vesting.

Inputs into the model	2012/13 Series		2011/12 Series		2010/11 Series	
	Managing Director	Other participants	Managing Director	Other participants	Managing Director	Other participants
Grant date share price	\$14.50	\$11.80	\$13.15	\$11.54	\$15.85	\$14.74
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility	27%	27%	30%	30%	35%	35%
Share entitlement life*	3 years	3 years	3 years	3 years	3 years	3 years
Dividend yield	6.5%	6.5%	6.5%	6.5%	6.0%	6.0%
Risk-free interest rate	2.63%	2.25%	3.94%	3.75%	4.87%	4.56%

* In accordance with the Plan, the measurement of performance criteria is at the end of the three year period ending 30 June, however if the TSR performance criterion (Managing Director only) is not fully achieved a further assessment at the end of the fourth year will apply.

The following reconciles the outstanding share entitlements granted under the Plan at the beginning and end of the financial year:

	2013	2012
	Number of share entitlements	Number of share entitlements
Balance of Awards not vested at beginning of the financial year	118,392	101,480
New Awards granted during the financial year	88,036	63,770
Awards exercised into shares during the financial year	-	-
Awards vested during the financial year	(8,330)	-
Awards forfeited during the year	(71,618)	(46,858)
Balance of Awards not vested at end of the financial year ¹	126,480	118,392
Vested and Exercisable Awards – Balance at end of the financial year ¹	42,121	44,888

¹ The share entitlements outstanding at the end of the financial year had an exercise price of nil. The share entitlements outstanding at the end of the financial year, excluding the share entitlements exercisable at the end of financial year, had a weighted average remaining contractual life of 576 days (2012: 561 days). For the TSR component of the Managing Director's Award, a further TSR test may be available at the end of the fourth year if the performance criteria is not achieved at the end of the three year measurement period.

The following is a summary of movements in Awards in respect of key management personnel:

2013	Balance of Awards at 1 July 2012	Awards granted as compensation	Awards exercised into shares	Awards forfeited ¹	Balance of Awards at 30 June 2013	Awards vested & exercisable (excluding those already exercised)	Balance of Awards not vested at 30 June 2013 ²	Vested during 2013 year
	No.	No.	No.	No.	No.	No.	No.	No.
RBO Burns	32,596	21,986	-	(6,033)	48,549	(2,011)	46,538	2,011
T Ryan	26,237	9,771	-	(5,394)	30,614	(13,506)	17,108	1,798
HH Kalman	26,237	9,771	-	(5,394)	30,614	(13,506)	17,108	1,798
PB Maddox	21,975	7,719	-	(4,353)	25,341	(11,826)	13,515	1,451
RE Bessemer	2,969	7,328	-	-	10,297	-	10,297	-
GR Rimmer	-	9,771	-	-	9,771	-	9,771	-
SR Manuell	23,516	8,306	(11,097)	(20,725)	-	-	-	-
LD Wraith	10,988	-	-	(10,988)	-	-	-	-
PJ Gallagher	4,891	6,514	-	(11,405)	-	-	-	-

- 1 The value of Awards forfeited for key management personnel during the year ended 30 June 2013 was \$270,162 for the 2010/11 Series.
- 2 The balance of Awards not vested at 30 June 2013 does not necessarily represent awards that will be vested in the future. The balance will remain until the respective measurement periods have been completed and a final assessment is made.

2012	Balance of Awards at 1 July 2011	Awards granted as compensation	Awards exercised into shares	Awards forfeited ¹	Balance of Awards at 30 June 2012	Awards vested & exercisable (excluding those already exercised)	Balance of Awards not vested at 30 June 2012 ²	Vested during 2012 year
	No.	No.	No.	No.	No.	No.	No.	No.
RBO Burns	16,088	16,508	-	-	32,596	-	32,596	-
T Ryan	27,804	7,337	-	(8,904)	26,237	(11,708)	14,529	-
HH Kalman	27,804	7,337	-	(8,904)	26,237	(11,708)	14,529	-
SR Manuell	25,380	6,236	-	(8,100)	23,516	(11,097)	12,419	-
PB Maddox	23,860	5,796	-	(7,681)	21,975	(10,375)	11,600	-
LD Wraith	11,236	5,625	-	(5,873)	10,988	-	10,988	-
PJ Gallagher	-	4,891	-	-	4,891	-	4,891	-
RE Bessemer	-	2,969	-	-	2,969	-	2,969	-

- 1 The value of Awards forfeited for key management personnel during the year ended 30 June 2012 was \$57,889 for the 2008/09 Series and \$431,617 for the 2009/10 Series.
- 2 The balance of Awards not vested at 30 June 2012 does not necessarily represent Awards that will be vested in the future. The balance will remain until the respective measurement periods have been completed and a final assessment is made.

Non-audit services

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 11 to the financial statements.

Auditors' independence declaration

The auditors' independence declaration is included on page 16 of the financial report.

Licensed trustee

Equity Trustees Limited is licensed under the *Corporations Act* to provide traditional trustee company services. This includes performing estate management functions, preparing a will, preparing a trust instrument, preparing a power of attorney or preparing an agency agreement, apply for probate of a will, applying for grant of letter of administration or electing to administer a deceased estate, and establishing and operating common funds. Assets and liabilities of trusts, estates and agencies for which the Company acts as trustee, executor or agent, are not included in the Company's financial statement.

On behalf of the directors



Mr Robin BO Burns, Managing Director

Dated 29 August 2013

Board of Directors' Profiles

The qualifications and experience of the Board of Directors of Equity Trustees Limited, before, during and since the year ended 30 June 2013 is as follows:

JA (Tony) Killen OAM – Chairman

BA, FAICD, FAIM

Chairman – Appointed 30 August 2007.

Non-Executive Director – Appointed September 2002.

Member of Equity Trustees' Remuneration, Human Resources & Nominations Committee since September 2004.

Tony is Chairman of listed company Templeton Global Growth Fund Ltd and Chairman of CCI Asset Management Ltd. He is also a non-executive director of Victoria Golf Club Limited and Catholic Church Insurance Ltd.

Tony is a former Group Managing Director and Chief Executive Officer of AXA Asia Pacific Holdings Ltd, having had a 36 year career with the National Mutual/AXA group. He was also Chairman of Australia's largest not-for-profit health services provider, Sisters of Charity Health Service Ltd. Tony was also a non-executive director of listed company IRESS Market Technology Ltd and Chairman of Sisters of Charity Community Care Ltd.

In 2010, Mr Killen was awarded the Medal of the Order of Australia.

Robin BO Burns – Managing Director

DipAcc, FAICD

Executive Director since 1 March 2010.

Member of the newly created Board Investment Committee from 1 July 2013.

Robin was appointed Managing Director of Equity Trustees on 1 March 2010. Before joining Equity Trustees he was, from 2002, Chief Executive Officer of Equisuper Pty Ltd, the trustee company for the Equisuper multi-employer superannuation fund. Robin is a non-executive director of the Financial Services Council.

Robin previously worked for AXA Asia Pacific, where he held the positions of General Manager, Corporate Affairs and Chief Executive, Risk Insurance and for the stockbroking firm Prudential-Bache Securities (Australia), where he was Managing Director, having joined the firm as Chief Financial Officer.

Robin has 27 years of experience in the financial services industry. He gained his initial professional qualification as a chartered accountant in the UK in 1981.

David F Groves – Deputy Chairman

BCom, MCom, CA, FAICD

Deputy Chairman since December 2007.

Non-Executive Director since November 2000.

Chairman of Equity Trustees' Audit & Compliance Committee since January 2003.

David is a director of Pipers Brook Vineyard Pty Ltd, BCD Resources NL and Kambala, a leading girls' school in Sydney. He is also an executive director of a number of private companies.

David is a former director of Tassal Group Limited, GrainCorp Limited, Mason Stewart Publishing, and Camelot Resources NL, and a former executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia.

Alice JM Williams – Director

BCom, FCPA, FAICD, ASFA AIF, CFA

Non-Executive Director – Appointed September 2007.

Member of Equity Trustees' Remuneration, Human Resources & Nominations Committee since July 2011. Appointed Chairman in August 2011.

Member of the newly created Board Investment Committee from 1 July 2013.

Member of Equity Trustees' Audit & Compliance Committee between September 2007 and February 2012.

Alice has over 25 years' senior management and Board level experience in the corporate and Government sectors specialising in investment management, corporate advisory and equity fundraising.

Other non-executive directorships include; Djerriwarrh Investments Ltd, Defence Health, Guild Group Holdings Limited, Strategic Analytics (Australia) Pty Ltd, Victorian Funds Management Corporation and Port Melbourne Corporation. Alice is also a council member at the Cancer Council of Victoria.

Alice was formerly a director of Avion Technology Pty Ltd, State Trustees, NM Rothschild and Sons (Australia) Limited, Director of Strategy and Planning for Ansett Australia Holdings Limited and a Vice President at JP Morgan Australia.

The Hon Jeffrey G Kennett AC – Director

HonDBus (Ballarat)

Non-Executive Director – Appointed September 2008.

Member of Equity Trustees' Remuneration, Human Resources & Nominations Committee since September 2008.

Jeff was an Officer in the Royal Australian Regiment, serving at home and overseas. He was a Member of the Victorian Parliament for 23 years, and was Premier of Victoria from 1992 to 1999.

Jeff is currently Chairman of Open Windows Australia Proprietary Limited, CT Management Group Pty Ltd, Amtek Corporation Pty Ltd and beyondblue, the national depression initiative. He is also Chairman of the Board of Management of PFD Food Services Pty Ltd and a Director of Jumbuck Entertainment Limited.

He is currently patron of a number of community organisations and was formerly President of the Hawthorn Football Club.

In 2005, Mr Kennett was awarded the Companion of the Order of Australia.

Anne M O'Donnell – Director

BA (Bkg & Fin), MBA, FAICD, SF Fin

Non-Executive Director – Appointed September 2010.

Member of Equity Trustees' Audit & Compliance Committee since December 2010.

Member of the newly created Board Investment Committee from 1 July 2013.

Chair of Equity Trustees Superannuation Limited since July 2012, a wholly owned subsidiary of the Group.

Anne has some 30 years' experience in the finance sector. She is an experienced executive and non-executive director in the listed, not-for-profit, and mutual sectors.

Anne is a director of the Australian Institute of Company Directors, Community CPS Australia Ltd (trading as Beyond Bank Australia), Eastwoods Pty Ltd and The Winston Churchill Memorial Trust. Anne is also an external member of the UBS Global Asset Management (Australia) Ltd Compliance Committee and a member of IP Australia Audit and Evaluation Committee.

Anne is the former Managing Director of Australian Ethical Investment Ltd. Anne was formerly a director of the Financial Services Council, The Centre for Australian Ethical Research Pty Ltd, the ANZ Staff Superannuation Fund and The Grain Growers Association Ltd.

Kevin J Eley – Director

CA, F FIN

Non-Executive Director – Appointed November 2011.

Member of Equity Trustees' Audit & Compliance Committee since November 2011.

Chairman of the newly created Board Investment Committee from 1 July 2013.

Kevin is a Chartered Accountant and a Fellow of the Financial Services Institute of Australia. He has over 30 years' experience in management, financing and investment and has worked for a major international accounting firm, two investment banks and was CEO of HGL Limited and remains as a non-executive director.

Other current non-executive directorships include: Kresta Holdings Limited, Milton Corporation Limited and PO Valley Energy Limited.

Kevin's previous public company directorships were Desane Group Holdings Limited, Solander Holdings Limited, Leutenegger Limited, Laubman and Pank Limited and Sabre Group Limited.

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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29 August 2013

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

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 audit of the financial statements of Equity Trustees Limited for the financial year ended 30 June 2013, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

Corporate Governance Statement

Equity Trustees Limited's approach to corporate governance aims to achieve long-term prosperity while meeting stakeholders' expectations of sound corporate governance practices by determining and adopting the most appropriate corporate governance arrangements.

EQT holds Registrable Superannuation Entity (RSE) Licence L0003094 which enables it to act as trustee of registered superannuation funds, and as such, is regulated by the Australian Prudential Regulation Authority (APRA). EQT also holds Australian Financial Services Licence 240975 which in broad terms enables it to provide financial advice, deal in securities, act as responsible entity of registered managed investment schemes, provide traditional trustee company services and also undertake a number of other associated services. As such, it is licensed by the Australian Securities & Investments Commission (ASIC). EQT is listed on the Australian Securities Exchange (ASX). EQT's governance obligations include compliance with the APRA Superannuation Prudential Framework, ASX Listing Rules, the ASX Corporate Governance Council's Principles and Australian corporate law requirements.

The directors are responsible for the corporate governance practices of the Company. This statement sets out the main corporate governance practices that were in operation throughout the financial year, except where otherwise indicated.

ASX best practice recommendations

The ASX Listing Rules require listed entities to include in their annual report, a statement disclosing the extent to which they have followed the best practice recommendations issued by the ASX Corporate Governance Council. Listed entities must identify the Principles which have not been followed and provide reasons for the decision.

As detailed in this Corporate Governance Statement, EQT considers that for the financial year to which this report relates, its governance practices comply with all of the ASX Corporate Governance Council – *Principles of Good Corporate Governance and Best Practice Recommendations (2nd Edition)*.

Principle 1 – Lay solid foundations for management and oversight

The Board's Charter details the composition and role and responsibilities of the Board, and its relationship with management to accomplish the Board's primary role of promoting the long-term health and prosperity of EQT.

A copy of the Board Charter is available on EQT's website.

As set out in the Board Charter, the Board has delegated specific authorities to the Managing Director and various Board and Management Committees. The Management Committees operate under approved Charters with specific authorities delegated by the Board. Under the delegated authorities, the Board has reserved a number of discretions for itself or a Board Committee. These discretions include oversight of the Company, appointing and removing the Managing Director, ratifying the appointment of senior executives, providing input to and approval of corporate strategy, reviewing and monitoring risk and compliance systems, monitoring of senior executives performance and implementation of strategy, reviewing and fixing executive remuneration, capital management, and monitoring and approval of financial reporting.

The following Management Committees operated during the period:

Investment Management Committee

The primary functions of this committee include overseeing the Company's asset management activities and developing its investment style and process, developing appropriate asset allocation frameworks, and assessing and reviewing external investment markets and investment managers. This committee also monitors EQT's investment portfolio.

Asset Review Committee

The primary functions of this committee include monitoring the performance and portfolios of the various trusts and estates administered by the Company where it acts as agent, executor or trustee having regard to the Company's "prudent person" responsibilities under the Trustee Act; and the superannuation portfolios for which the Company acts as trustee in light of its investment strategy responsibilities under the *Superannuation Industry (Supervision) Act*.

Due Diligence Committee

The primary functions of this committee include monitoring due diligence across the Company, reviewing disclosure documents, considering proposed changes to compliance plans, constitutions and trust deeds for registered managed investment schemes and RSE's for which the Company acts as responsible entity or trustee, and reviewing new business proposals for appointment as trustee or responsible entity, for recommendation to the Board.

Superannuation Compliance Committee

The primary function of this committee is to monitor the operation of RSE's for which EQT acts as RSE licensee.

The committee monitors RSE funds' investment strategies, insurance claims and payments, and financial hardship requests and payments. This committee works in conjunction with other committees in undertaking some of its functions, for example with the Due Diligence Committee, which reviews superannuation product disclosure statements.

Funds Review Committee

The primary functions of this committee include monitoring asset allocations for internally managed funds as well as nominated Company funds, within approved parameters. The committee also considers and approves new mortgage loans for the EQT Mortgage Wholesale Income Fund and develops proposals for new investment products.

Trust Review Committee

The primary function of this committee is to formalise and monitor the decision making process for the exercise of discretion or application of power by the Company, where it acts in its capacity as an agent, executor or trustee. The Committee seeks to formalise the decision making process and the individual levels of authority within an appropriately constituted and accountable committee.

Since the end of the year, the following changes have been implemented to the structure and operation of the above Management Committees:

- The **Management Investment Committee** has been formed and will take over the functions of the Investment Management Committee, Funds Review Committee, Asset Review Committee and some of the functions of the Superannuation Compliance Committee. The objective of the Management Investment Committee is to oversee all investment related decisions made within the EQT Group on behalf of EQT Common Funds, EQT Group superannuation funds, EQT clients and beneficiaries, and in respect of EQT's and its subsidiaries own investment portfolios.
- The **Private Wealth Services Quality Assurance Committee** has also been formed. The primary objective of this Committee is to have operational oversight of risk and compliance related issues within the Private Wealth Services business unit of the EQT Group. This Committee will also take over some of the functions of the Superannuation Compliance Committee.

Executive performance evaluation and remuneration

Each executive (including the Managing Director) has business performance objectives which are linked to company objectives. Each executive (other than the Managing Director), is assessed against these objectives by the Managing Director. The assessment of the Managing Director is conducted by the Chairman after consultation with the Board. The performance criteria for each executive are set at the beginning of the year. Performance against financial criteria is reviewed monthly with a formal performance review undertaken half-yearly and at the end of the period.

Executive remuneration packages include both fixed and incentive arrangements. The object of the Company's executive remuneration policy is to reflect both short-term and long-term performance objectives and to align executive rewards with shareholder value. Please see the Remuneration Report on page 7-13 for further information on executive's remuneration.

There is currently a short-term share based payment plan for employees, known as the Employee Share Acquisition Plan (ESAP). ESAP may be activated by the Board after considering the financial performance of the Company for the preceding year. If activated, employees receive an annual allocation of no more than \$1,000 worth of shares in the Company at no cost. Long-term executive remuneration is based on a share plan in accordance with the Equity Trustees Limited Executive Performance Share Plan 1999, which was approved at the 1999 Annual General Meeting of the Company. Executive participation is approved by the Board via the Remuneration, Human Resources & Nominations Committee each year.

Each of the reviews mentioned above has been completed during the period in accordance with the process.

Please refer to Principle 8 for details of the Remuneration, Human Resources and Nominations Committee, and the Directors' Report for details of directors' remuneration.

Principle 2 – Structure the Board to add value

As at the date of the Directors' Report, the Board comprises seven directors, six of whom are independent non-executive directors and one executive director. Details of the skills, experience, relevant expertise and terms of office of the directors are set out in the Directors' Report. The Board carries out its responsibilities according to the following mandate:

- at least two-thirds of the Board should be made up of independent non-executive directors;
- the chairman of the Board should be an independent non-executive director;
- the directors should possess a broad range of skills, qualifications and experience;
- the Board should meet at least on a monthly basis; and
- all available information in connection with items to be discussed at a meeting of the Board shall be provided to each director prior to that meeting.

Skills, experience and expertise

The Board seeks to maintain a broad range of relevant skills, experience and expertise. Amongst other things, these skills, experience and expertise include relevant financial services industry experience and, management experience and expertise. These requirements are considered on the appointment of any new director. To meet these requirements, an independent external agency is appointed to identify an appropriate candidate.

The skills, experience and expertise of each director is included in the Directors' Report.

Independent directors

EQT recognises that independent directors are important in providing assurance to shareholders that the Board is properly fulfilling its responsibilities. The Company considers all relevant circumstances in determining whether a director is independent, including the following:

- Company shares owned directly or indirectly by the director;
- employment by the Company (or its associates) of the director (or a family member) either currently, or in the past;
- business relationships between the Company (or associates) and the director, a family member or business entity associated with the director or with service providers in whom the director has an interest;
- any material contractual relationship with the Company or its associates other than as a director; and
- any other interest or relationship which could interfere with the director's ability to act in the best interests of the Company.

Following consideration of the above, the Board considers all non-executive directors to be independent.

Relationships

At each Board meeting, directors are required to disclose any matters that may give rise to a potential or actual conflict of interest in relation to the business being considered by the Board. Any matters that are declared by a director are recorded. Depending on the interest declared, the Chairman may direct that the relevant director should temporarily leave the meeting, or remain and either participate in, or abstain from any discussion or decision on the relevant business.

The Board encourages directors to acquire shares in EQT. It believes that this assists in aligning the interests of directors with other shareholders.

As at 30 June 2013, Mr David Groves, through related entities, held 7.08% of Equity Trustees Limited. The Board has considered the current Shareholders Register, including other substantial shareholdings and considers that Mr Groves's holding would not place him in a position of conflict nor would it enable Mr Groves to unduly influence the Board.

Due to restrictions contained within the Company's constitution and also within the Corporations Act on shareholdings in licensed trustee companies, the Board has not currently set any other materiality threshold at which it may consider that a director is no longer considered independent.

Other than remuneration paid to the Managing Director, director's fees and entitlements paid to non-executive directors, there are no other material relationships between the Company and any director.

Independent professional advice

With the prior approval of the Chairman, each director has the right to seek reasonable independent legal and other professional advice at the Company's expense concerning any aspect of EQT's operations or undertakings, in order to properly fulfil their duties and responsibilities as a director.

Period in office

Please see the Directors' Report for the date of appointment of each director.

Skills and diversity

The Board maintains a broad mix of skills that are relevant to the Company's business. In addition to its core businesses, the Board seeks to also maintain a diverse range of views and opinions as it believes that diversity will be beneficial to its performance and the Company's businesses.

The Company's Diversity Policy is available from the Company's website www.eqt.com.au. Please see page 21 for further details on the Company's approach to its diversity.

Board performance

On a triennial basis, the Board submits itself to formal review by an external governance expert. The most recent review took place in the March quarter of 2010 and was conducted by Baker & Baptist Pty Ltd. The review concluded *"The EQT Board continues to perform strongly against the ASX's Corporate Governance Principles and Recommendations"*.

As a result of its announcement to acquire The Trust Company Limited, the Board has deferred the scheduled triennial review at least until the outcome of the takeover offer is known.

In addition to the triennial review, the Board monitors its performance and composition on an ongoing basis as well as the performance of its committees, individual independent directors and the Managing Director. The Chairman is responsible for monitoring, and providing feedback to, individual directors. Each director is also subject to peer review by fellow directors before endorsement to stand for re-election.

The Board also keeps under review succession planning for the ongoing development of the Board. The Board has a current succession plan to provide for orderly renewal of the Board as retirements take place in the normal course in coming years. This ensures that there is an appropriate mix of skills and experience. In relation to the possible appointment of new directors, focus is placed on the particular skills and experience which are most appropriate to the Company's objectives. Any appointee must meet appropriate ethical and reputation standards.

Selection and appointment of directors

The selection and appointment of new directors is undertaken by the Board with the assistance of independent consultants. Potential candidates are considered in regard to their skills and experience and how this will compliment the current diversity, skills and experience of the Board.

Directors retire in rotation and accordance with the Company's constitution and the Corporations Act. Retiring directors may offer themselves for re-election at the relevant Annual General Meeting. Directors seeking re-election are endorsed by other members of the Board before seeking re-election.

Principle 3 – Promote ethical and responsible decision making

Code of conduct

EQT is committed to maintaining high standards of integrity and conducting its business in accordance with high standards of ethical behaviour. As part of this commitment, the Board has an established code of conduct and practice through its policies and procedures.

The code of conduct and practice include the following:

- high professional and ethical expectations;
- promoting disclosure of relevant and useful information to customers so as to allow them to make an informed choice; and
- promoting the delivery of trustworthy, high quality and efficient trustee and investment services.

The code of conduct and practice covers such matters as:

- acting with honesty and integrity, and in the best interests of customers;
- operating the business in a professional manner, acting at all times with the due care, skill and diligence required of a licensed trustee company;
- observing sound business practices and ensuring, amongst other things, that the Company has regard to relevant industry standards/policies, and has adequate and properly documented plans, controls and maintenance mechanisms which are implemented at all levels of business;
- respecting and preserving the privacy of customers and confidentiality of their affairs;

- providing clearly expressed terms and conditions to a customer;
- making full disclosure of any fee charged or commission to be received by the Company. Statements detailing account transactions are sent to clients at least every 12 months, or at any shorter intervals required by legislation; and
- having an internal dispute resolution process which provides for a fair and timely method of handling disputes, utilising appropriate external dispute resolution processes such as those prescribed under legislation (where relevant), and utilising external, impartial mediation when complaints may be otherwise unresolved.

Dealing in Company's securities

EQT has implemented a Securities Dealing Policy (Policy) which provides guidance for directors and employees regarding the acquisition and disposal of EQT securities. Whilst directors and employees are encouraged to be long-term holders of EQT's securities, it is important that care is taken in the timing of any acquisition or disposal of securities in EQT.

In particular the Policy notes that the only appropriate time for directors and employees (and their immediate family members and any person or entity over which they have a degree of control or influence) to acquire, dispose of, or engage in other dealings in EQT's securities is when they are not in possession of price sensitive information which is not generally available to the market.

In addition, to avoid any adverse inference being drawn as to unfair dealing, the Policy provides that directors and employees should not deal in EQT's securities during the following periods ("*Prohibited Periods*"), being the two months immediately before, and the next full business day after, the release of EQT's audited half-yearly or yearly results, and the two weeks immediately before, and the next full business day after, EQT's Annual General Meeting.

All dealings in shares of the Company by directors are promptly notified to the ASX.

A copy of EQT's Securities Dealing Policy has been lodged with the ASX.

Using Company securities as collateral

Under the Policy, directors and employees of EQT are required to exercise care if borrowing monies to purchase EQT securities, or offering EQT securities held by them as collateral, to ensure that their obligations under the borrowing arrangements do not, and cannot, conflict with their obligations under the Policy. In particular, unless a particular arrangement has been approved by the EQT Board, directors and employees are not permitted to enter into arrangements such as margin loans or arrangements involving EQT securities being provided as collateral to secure repayment of a loan, where the lender is granted a right to sell, or compel the sale of, the person's EQT securities at any time when the Policy may prohibit the person from dealing in the securities.

Under the Policy, EQT directors and employees are required to advise the Company Secretary of any arrangements to which they, or a connected person are a party, involving EQT securities being used as collateral to secure repayment of a loan or other financial accommodation.

If a particular arrangement has been approved by the EQT Board, and the EQT securities held as collateral to secure a loan represent 5% or more of EQT's issued share capital, then a notice is to be issued to the ASX outlining the arrangements.

Diversity

The EQT Group considers 'diversity' as human qualities that are different from our own or those of groups to which we belong. Dimensions of diversity include but are not limited to: age, ethnicity, gender, physical abilities/qualities, race, sexual orientation, educational background, geographic location, income, marital status, parental status, religious beliefs, work experience, and job classification.

EQT's Diversity Policy places emphasis on creating an environment where employees are treated with fairness and respect and have equal access to opportunities in line with their aspirations and abilities. To achieve its diversity objectives, EQT seeks to provide flexible working arrangements that take into accounts the needs of the business and each employee. This includes considerations such as work/life balance, career progression and learning opportunities. Due to the nature of these considerations, it is not possible to measure them at an organisational level. However the Company periodically seeks feedback from employees on workplace dimensions through an employee survey.

Gender Diversity

A diverse workforce is a significant social and commercial value. EQT recognises the importance of being an inclusive employer. Gender diversity has been and continues to be a priority for the EQT Group.

During 2012/13 the EQT Group undertook a significant internal review and re-organisation of its revenue generating and support units. As a result of the review, the total number of employees in the EQT Group grew by a net 7 employees for 2012/13. Of the new employees engaged during 2012/13, 52% are women and 48% men.

As at 30 June 2013, the proportion of women employed by the EQT Group at each level is:

Board:	33%
Executive:	0%
Senior Management:	43%
Company Wide:	55%

The EQT Group seeks to increase the representation of women as opportunities permit, with particular emphasis at Executive Level.

Principle 4 – Safeguard integrity in financial reporting

Board Audit & Compliance Committee

The Board operates an Audit & Compliance Committee which, consistent with this Principle, consists of three directors, each of whom is an independent non-executive director. The chairman of the Audit and Compliance Committee is independent and not chairman of the Board. The current members of the Audit and Compliance Committee are:

- David F Groves, Chairman (Appointed to Committee 1 January 2002, appointed Chairman 30 January 2003);
- Anne M O'Donnell (Appointed 1 December 2010); and
- Kevin J Eley (Appointed 25 November 2011).

Details of the qualifications of members and the number of meetings of the Audit & Compliance Committee attended are set out in the Directors' Report.

The Audit & Compliance Committee operates under a formal charter which sets out various matters including its objectives, duties and responsibilities, and membership requirements. The committee's charter is available from the Company's website www.eqt.com.au. This committee provides a forum for the effective communication between the Board and external auditors. The Audit & Compliance Committee reviews matters including:

- the annual and half-year financial statements prior to their approval by the Board;
- the effectiveness of processes and systems of internal control;
- the appointment of external auditors;
- the efficiency and effectiveness of the internal and external audit functions, including a review of the respective audit plans; and
- compliance by EQT with compliance plans developed for registered managed investment schemes for which the Company acts as responsible entity.

The Audit & Compliance Committee generally invites the Managing Director, Compliance Manager, Chief Financial Officer, relevant responsible managers, and the internal and external auditors to attend its meetings. The Audit & Compliance Committee also meets with and receives regular reports from the internal and external auditors and the Compliance Manager concerning any matters that arise in connection with the performance of their respective roles, including the adequacy of internal controls.

Principle 5 – Make timely and balanced disclosure

The Company has in place effective external disclosure procedures including a market disclosure policy which seeks to ensure that:

- there is equal and timely disclosure of the Company's activities to shareholders and the market in accordance with the Company's legal and regulatory obligations; and
- all stakeholders (including shareholders, the market and other interested parties) have an equal opportunity to receive and obtain externally available information issued by the Company.

The Company provides regular updates on its financial position and performance to the market, via the ASX. It regularly reviews the Shareholder Register and provides relevant shareholder information in its Annual Report. The Company maintains and periodically updates corporate governance information on its website.

In making information available, EQT seeks to do so with a balanced approach. This includes providing all factual information in a manner that will not mislead the reader.

The Board and the executive group of the Company are fully aware of the obligation to comply with the ASX Listing Rules.

Principle 6 – Respect the rights of shareholders

Communication to shareholders and the market

The Board is committed to effective communication with its shareholders and the market and believes that shareholders should be fully informed in a timely manner of all major business events that may influence the Company and its businesses.

Shareholders have the right to attend the Company's Annual General Meeting and are encouraged to participate effectively at these meetings.

The Company's external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7 – Recognise and manage risk

Risk management

The Board is responsible for the Company's risk management framework and system of internal controls. It monitors the risk management framework itself and operational and financial aspects of the Company's activities. The Board directly monitors strategic and operational risks and through the Audit & Compliance Committee, the Board considers the recommendations and advice of external and internal auditors and other external advisers on financial risks that face the Company. An internal audit program is approved annually by the Audit & Compliance Committee. The program is risk based, with the Board, through the Audit & Compliance Committee receiving regular reports on the Company's internal control systems.

The Board ensures that recommendations made by the external and internal auditors and other external advisers are investigated and, where necessary, immediate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel and, in conjunction with the recommendations of the Audit & Compliance Committee, the scope and program of the internal audit function.

Financial reporting

To support the Company's 2013 financial reports, the Managing Director and Chief Financial Officer have confirmed in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and that operational results are in accordance with relevant accounting standards. In addition they confirm to the Board in writing that:

- the statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

External auditors

The Audit & Compliance Committee reviews the adequacy of the external audit arrangements including the scope and quality of the audit. Where appropriate, the Audit & Compliance Committee makes a recommendation to the Board that tenders be obtained from recognised and well-regarded accounting and auditing firms to conduct future audits.

Audit independence policy

To reflect recent legislative developments, report recommendations, and accounting and audit practices, the Board has implemented an audit independence policy regarding the use of external auditors. The Company will not use external auditors for:

- book-keeping services;
- complete outsourcing of the internal audit function;
- asset or liability valuation services which are material to the Company's financial statements;
- any service which requires the auditors to act as an officer of the Company and/or be in a decision making role;
- litigation services where the auditor would be required to act as an advocate of the Company or where the amounts involved are material to the financial statements; and
- any service prohibited by the *Corporations Act 2001*.

The Audit & Compliance Committee approves the provision of any non-audit services to the Company or its funds where fees for the services exceed \$50,000.

Principle 8 – Remunerate fairly and responsibly

This Principle relates to directors' remuneration.

The Board has established the Remuneration, Human Resources & Nominations Committee that reviews the remuneration of all directors (including the Managing Director), within the limits approved by shareholders at an Annual General Meeting, and reviews the remuneration of executives on an annual basis. The Board approves all changes to director and executive remuneration. The Committee also oversees nominations functions.

In determining remuneration, the Board has regard to prevailing market levels, including remuneration surveys, to attract and retain directors and executives of high calibre to facilitate the efficient and effective management of the Company's operations.

Particulars concerning directors' and executives' remuneration are set out in the Financial Statements and Remuneration Report. Currently directors are only entitled to their directors fee and superannuation allowance. However, some directors have an entitlement to other retirement allowances which are no longer made available by the Company. Full details of the directors retiring allowances are contained in the Financial Statements and Remuneration Report. Non-executive directors are not eligible for incentive based remuneration.

The independent non-executive members of the Remuneration, Human Resources & Nominations Committee are:

Alice JM Williams	Appointed 29 July 2011, appointed Chairman 12 August 2011
JA (Tony) Killen OAM	Appointed 8 September 2004
The Hon. Jeffrey G Kennett AC	Appointed 1 September 2008

Attendance at meetings, and qualifications and experience of the members of the committee are contained in the Directors' Report.

Non-executive directors' fees are determined by the Board within limits approved by shareholders. At the general meeting of the Company held 26 October 2012, shareholders approved an aggregate limit of fees of \$900,000.

Directors' Declaration

Equity Trustees Limited
ABN 46 004 031 298

Directors' Declaration for the financial year ended 30 June 2013

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;
- b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;
- c) 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 Company and the Group; and
- d) the directors have received from the Managing Director and the Chief Financial Officer the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors



Mr Robin BO Burns
Managing Director

Melbourne, 29 August 2013

Financial Report

2013

Statement of Profit or Loss

for the Financial Year Ended 30 June 2013

		Consolidated		Company	
	Note	2013 \$	2012 \$	2013 \$	2012 \$
Revenue	6	46,271,766	42,608,751	31,963,935	28,707,119
Other revenue	6	1,210,028	1,037,990	4,127,842	6,948,700
Total revenue	6	47,481,794	43,646,741	36,091,777	35,655,819
Employee benefits expenses	8	23,984,849	22,499,151	18,238,950	15,924,726
Other employment and consulting expenses		1,081,422	1,333,411	767,296	1,043,634
Audit and tax advice expenses		345,011	337,139	282,011	271,810
Depreciation and amortisation expenses	8	1,126,302	1,139,720	1,022,806	1,010,452
Management rights amortisation	8	238,765	235,307	-	-
Insurance expenses		564,668	542,491	434,460	421,652
Legal, consulting and regulatory expenses		2,085,184	868,849	1,855,704	624,005
Marketing expenses		1,153,714	1,261,282	919,849	1,035,249
Information technology expenses		1,645,591	1,532,490	1,255,560	1,207,187
Occupancy expenses		1,586,965	1,397,991	984,493	883,677
Other expenses		1,151,961	807,983	645,608	410,987
Total expenses		34,964,432	31,955,814	26,406,737	22,833,379
Profit before income tax expense		12,517,362	11,690,927	9,685,040	12,822,440
Income tax expense	9	3,845,961	3,309,814	2,354,305	2,380,665
Profit for the year		8,671,401	8,381,113	7,330,735	10,441,775
Attributable to:					
Owners of the Company		8,671,401	8,384,848	7,330,735	10,441,775
Non-controlling interests	34	-	(3,735)	-	-
		8,671,401	8,381,113	7,330,735	10,441,775
Earnings per share					
- Basic (cents per share)	28	96.65	96.74		
- Diluted (cents per share)	28	95.50	95.99		

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

Statement of Comprehensive Income

for the Financial Year Ended 30 June 2013

	Note	Consolidated		Company	
		2013 \$	2012 \$	2013 \$	2012 \$
Net profit after income tax expense from continuing operations		8,671,401	8,381,113	7,330,735	10,441,775
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Realised (gain)/loss on sale of available-for-sale investments		(692,563)	(625,583)	(692,563)	(625,583)
Increase/(decrease) from revaluation of available-for-sale investments		417,151	(671,932)	417,151	(671,932)
Income tax relating to components of other comprehensive income		80,214	367,718	80,214	367,718
Total comprehensive income for the year		8,476,203	7,451,316	7,135,537	9,511,978
Attributable to:					
Owners of the Company		8,476,203	7,455,051	7,135,537	9,511,978
Non-controlling interests	34	-	(3,735)	-	-
		8,476,203	7,451,316	7,135,537	9,511,978

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

Statement of Financial Position

as at 30 June 2013

	Note	Consolidated		Company	
		2013 \$	2012 \$	2013 \$	2012 \$
Current assets					
Cash and cash equivalents	37	9,891,934	9,898,656	8,884,807	9,408,226
Trade and other receivables	12	5,575,576	4,870,866	6,165,676	4,895,588
Other	13	2,441,146	2,720,388	2,161,141	2,365,731
Total current assets		17,908,656	17,489,910	17,211,624	16,669,545
Non-current assets					
Trade and other receivables	14	108,186	108,186	108,186	108,186
Other financial assets	15	5,450,883	2,855,198	37,612,456	36,528,799
Property, plant and equipment	16	1,446,219	909,983	1,359,397	802,555
Intangible assets	17	34,183,899	33,063,017	5,042,613	3,617,670
Deferred tax assets	9	1,764,129	1,623,706	1,468,550	1,266,270
Goodwill	18	9,507,853	9,432,878	-	-
Total non-current assets		52,461,169	47,992,968	45,591,202	42,323,480
Total assets		70,369,825	65,482,878	62,802,826	58,993,025
Current liabilities					
Trade and other payables	19	791,865	622,284	531,554	458,196
Provisions	20	3,768,854	2,742,754	3,423,248	2,024,344
Other current liabilities	21	60,691	96,957	55,470	88,663
Current tax payable	9	1,205,708	540,331	1,190,544	540,331
Total current liabilities		5,827,118	4,002,326	5,200,816	3,111,534
Non-current liabilities					
Provisions	22	1,470,496	1,383,953	1,053,319	967,771
Other non-current liabilities	23	384,056	434,401	484,066	534,411
Deferred tax liabilities – investment revaluation	9	98,155	185,796	98,155	185,796
Total non-current liabilities		1,952,707	2,004,150	1,635,540	1,687,978
Total liabilities		7,779,825	6,006,476	6,836,356	4,799,512
Net assets		62,590,000	59,476,402	55,966,470	54,193,513
Equity					
Issued capital	25	49,601,432	47,481,389	49,601,432	47,481,389
Investment revaluation reserve	27	229,268	424,466	229,268	424,466
Other reserves	26	1,147,222	846,017	1,147,222	846,017
Retained earnings		11,612,078	10,728,240	4,988,548	5,441,641
Equity attributable to owners of the Company		62,590,000	59,480,112	55,966,470	54,193,513
Non-controlling interests	34	-	(3,710)	-	-
Total equity		62,590,000	59,476,402	55,966,470	54,193,513

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

Statement of Changes in Equity

for the Financial Year Ended 30 June 2013

Consolidated	Reserves					
	Fully paid ordinary shares \$	Investment revaluation \$	Retained earnings \$	Equity settled employee benefits \$	Non- controlling interests \$	Total equity \$
Balance at 1 July 2011	43,489,257	1,354,263	10,074,585	515,502	25	55,433,632
Profit/(loss) for the period	-	-	8,384,848	-	(3,735)	8,381,113
Decrease from revaluation of available-for-sale investments	-	(671,932)	-	-	-	(671,932)
Related income tax	-	180,830	-	-	-	180,830
Gain on sale of available-for-sale investments	-	(625,583)	-	-	-	(625,583)
Related income tax	-	186,888	-	-	-	186,888
Total comprehensive income for the period	-	(929,797)	8,384,848	-	(3,735)	7,451,316
Shares issued under dividend reinvestment plan	1,591,253	-	-	-	-	1,591,253
Shares issued under share placement	2,421,242	-	-	-	-	2,421,242
Shares issued – salary sacrifice	45,988	-	-	-	-	45,988
Share issue costs	(94,787)	-	-	-	-	(94,787)
Related income tax	28,436	-	-	-	-	28,436
Provision for executive share entitlements	-	-	-	147,515	-	147,515
Provision for employee share acquisition plan	-	-	-	183,000	-	183,000
Payment of dividends	-	-	(7,731,193)	-	-	(7,731,193)
Balance at 30 June 2012	47,481,389	424,466	10,728,240	846,017	(3,710)	59,476,402
Profit/(loss) for the period	-	-	8,671,401	-	-	8,671,401
Increase from revaluation of available-for-sale investments	-	417,151	-	-	-	417,151
Related income tax	-	(125,510)	-	-	-	(125,510)
Gain on sale of available-for-sale investments	-	(692,563)	-	-	-	(692,563)
Related income tax	-	205,724	-	-	-	205,724
Total comprehensive income for the period	-	(195,198)	8,671,401	-	-	8,476,203
Acquisition of non-controlling interest	-	-	(3,735)	-	3,710	(25)
Shares issued under dividend reinvestment plan	1,913,406	-	-	-	-	1,913,406
Shares issued under employee share acquisition scheme	176,256	-	-	(176,256)	-	-
Shares issued – salary sacrifice	39,865	-	-	-	-	39,865
Share issue costs	(13,549)	-	-	-	-	(13,549)
Related income tax	4,065	-	-	-	-	4,065
Provision for executive share entitlements	-	-	-	307,205	-	307,205
Provision for employee share acquisition plan	-	-	-	170,256	-	170,256
Payment of dividends	-	-	(7,783,828)	-	-	(7,783,828)
Balance at 30 June 2013	49,601,432	229,268	11,612,078	1,147,222	-	62,590,000

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

Company	Reserves					
	Fully paid ordinary shares \$	Investment revaluation \$	Retained earnings \$	Equity settled employee benefits \$	Non- controlling interests \$	Total equity \$
Balance at 1 July 2011	43,489,257	1,354,263	2,731,059	515,502	-	48,090,081
Profit for the period	-	-	10,441,775	-	-	10,441,775
Decrease from revaluation of available-for-sale investments	-	(671,932)	-	-	-	(671,932)
Related income tax	-	180,830	-	-	-	180,830
Gain on sale of available-for-sale investments	-	(625,583)	-	-	-	(625,583)
Related income tax	-	186,888	-	-	-	186,888
Total comprehensive income for the period	-	(929,797)	10,441,775	-	-	9,511,978
Shares issued under dividend reinvestment plan	1,591,253	-	-	-	-	1,591,253
Shares issued under share placement	2,421,242	-	-	-	-	2,421,242
Shares issued – salary sacrifice	45,988	-	-	-	-	45,988
Share issue costs	(94,787)	-	-	-	-	(94,787)
Related income tax	28,436	-	-	-	-	28,436
Provision for executive share entitlements	-	-	-	147,515	-	147,515
Provision for employee share acquisition plan	-	-	-	183,000	-	183,000
Payment of dividends	-	-	(7,731,193)	-	-	(7,731,193)
Balance at 30 June 2012	47,481,389	424,466	5,441,641	846,017	-	54,193,513
Profit for the period	-	-	7,330,735	-	-	7,330,735
Increase from revaluation of available-for-sale investments	-	417,151	-	-	-	417,151
Related income tax	-	(125,510)	-	-	-	(125,510)
Gain on sale of available-for-sale investments	-	(692,563)	-	-	-	(692,563)
Related income tax	-	205,724	-	-	-	205,724
Total comprehensive income for the period	-	(195,198)	7,330,735	-	-	7,135,537
Shares issued under dividend reinvestment plan	1,913,406	-	-	-	-	1,913,406
Shares issued under employee share acquisition scheme	176,256	-	-	(176,256)	-	-
Shares issued – salary sacrifice	39,865	-	-	-	-	39,865
Share issue costs	(13,549)	-	-	-	-	(13,549)
Related income tax	4,065	-	-	-	-	4,065
Provision for executive share entitlements	-	-	-	307,205	-	307,205
Provision for employee share acquisition plan	-	-	-	170,256	-	170,256
Payment of dividends	-	-	(7,783,828)	-	-	(7,783,828)
Balance at 30 June 2013	49,601,432	229,268	4,988,548	1,147,222	-	55,966,470

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

Statement of Cash Flows

for the Financial Year Ended 30 June 2013

	Note	Consolidated		Company	
		2013 \$	2012 \$	2013 \$	2012 \$
Cash flows from operating activities					
Receipts from customers		54,695,142	49,318,659	39,296,686	35,193,355
Payments to suppliers and employees		(40,754,267)	(37,331,544)	(30,403,248)	(27,418,276)
Income tax paid		(3,324,370)	(4,071,694)	(3,324,370)	(4,071,694)
Net cash provided by operating activities	37(b)	10,616,505	7,915,421	5,569,068	3,703,385
Cash flows from investing activities					
Payment for investment securities		(3,000,000)	-	(3,000,000)	-
Proceeds on sale of investment securities		773,977	1,400,976	773,977	1,400,976
Interest received		422,780	310,150	400,596	280,858
Dividends received		32,134	58,717	32,134	58,717
Proceeds from repayment of related party loans		-	-	3,477,924	3,360,000
Payment for property, plant and equipment		(943,709)	(303,253)	(943,709)	(301,642)
Payment for intangible assets		(1,950,882)	(537,220)	(1,950,882)	(537,220)
Payment for shares in a subsidiary		(75,000)	-	-	-
Payment for businesses		-	(1,384,589)	-	(1,384,589)
Net cash provided by/(used in) investing activities		(4,740,700)	(455,219)	(1,209,960)	2,877,100
Cash flows from financing activities					
Proceeds from issues of equity securities		-	2,421,267	-	2,421,242
Dividend received from related party		-	-	1,000,000	1,200,000
Payment for share issue cost		(13,549)	(94,787)	(13,549)	(94,787)
Dividend paid to members of the parent entity (net of shares issued under dividend reinvestment plan)		(5,868,978)	(6,140,619)	(5,868,978)	(6,140,619)
Net cash provided by financing activities		(5,882,527)	(3,814,139)	(4,882,527)	(2,614,164)
Net (decrease)/increase in cash held		(6,722)	3,646,063	(523,419)	3,966,321
Cash and cash equivalents at beginning of financial year		9,898,656	6,252,593	9,408,226	5,441,905
Cash and cash equivalents at end of financial year	37(a)	9,891,934	9,898,656	8,884,807	9,408,226

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

Notes to the Financial Statements

for the Financial Year Ended 30 June 2013

1. General information

Equity Trustees Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol "EQT"), incorporated in Australia and operating solely in Australia.

Equity Trustees Limited's registered office and its principal place of business is Level 2, 575 Bourke St, Melbourne, Victoria 3000, Australia. Equity Trustees Limited and its subsidiaries (refer note 32) are referred to as 'the Group' in the following notes. The principal activities of the Group are described in note 35.

2. Application of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements'	The amendment part of AASB 2011-9 'Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.
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Standards and Interpretations affecting the reported results or financial position

There were no new or revised Standards or Interpretations adopted in the current period that affected reported results or financial position.

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements or on the presentation and disclosure of amounts in the financial statements but may affect the accounting for future transactions or arrangements.

Amendments to AASB 101 'Presentation of Financial Statement'	The amendments (part of AASB 2012-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle) requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.
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2. Application of new and revised Accounting Standards (cont.)

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards. The AASB has issued the following versions of AASB 9 and the relevant amending standards: • AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures. • AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'. For annual reporting periods beginning before 1 January 2015, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014

At the date of authorisation of the financial statements, there was no IASB Standards and IFRIC Interpretations also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Changes in accounting policies

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The following existing group accounting policies will change on adoption of these pronouncements:

AASB 9

AASB 9 'Financial Instruments' issued in December 2009 introduces new requirements for the classification and measurement of financial assets. AASB 9 amended in December 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of AASB 9 are described below.

AASB 9 requires all recognised financial assets that are within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' to be subsequently measured at amortised cost or fair value. Under AASB 9 debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at their fair values. Also under AASB 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under AASB 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss. In relation to Equity Trustees, it is anticipated the main impact will be in relation to the classification and measurement of financial assets. In broad terms, the amendments require financial assets to be measured at fair value through profit and loss unless the criteria for amortised cost measurement are met or the entity qualifies and elects to recognise gains and losses on equity securities that are not held for trading directly in other comprehensive income. Currently, the Group's investments are designated as available-for-sale and any unrealised movements are taken to an investment revaluation reserve. Where an available-for-sale investment suffers a significant or prolonged impairment it must be written down through the profit and loss. However, any reversal of an unrealised impairment loss on equities is not taken to profit and loss but directly to reserves. On adoption of the Standard the non-equity investments in the portfolio will be measured

at fair value through the profit and loss (if they do not qualify for amortised cost accounting) and all realised and unrealised gains and losses will be taken to the income statement. The equity investments will either be measured at fair value through the profit and loss, or if an election is made, at fair value through the statement of other comprehensive income. In the latter case the realised and unrealised movements will be taken up through the statement of other comprehensive income and will not be reclassified to profit and loss on disposal of the equity investments.

The directors anticipate that AASB 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2015 and that the application of the new Standard will have an impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

AASB 10, AASB 11, AASB 12, AASB 127 (2011), AASB 128 (2011) and AASB 2011-7

In August 2011, a package of six Standards on consolidation, joint arrangements, associates and disclosures was issued, including AASB 10, AASB 11, AASB 12, AASB 127 (2011), AASB 128 (2011) and AASB 2011-7. Key requirements of these six Standards are described below.

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements. Interpretation 112 'Consolidation – Special Purpose Entities' has been withdrawn upon the issuance of AASB 10. Under AASB 10, there is only one basis for consolidation, that is control. In addition, AASB 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in AASB 10 to deal with complex scenarios.

AASB 11 replaces AASB 131 'Interests in Joint Ventures'. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Interpretation 113 'Jointly Controlled Entities – Non-monetary Contributions by Venturers' has been withdrawn upon the issuance of AASB 11. Under AASB 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under AASB 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under AASB 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under AASB 131 can be accounted for using the equity method of accounting or proportionate consolidation.

2. Application of new and revised Accounting Standards (cont.)

AASB 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in AASB 12 are more extensive than those in the current standards.

AASB 2011-7 contains consequential amendments to a range of Australian Accounting Standards and Interpretations in light of the issuance of the five Standards above.

These six Standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these six Standards are applied early at the same time. The directors anticipate that these six Standards will be adopted in the Group's consolidated financial statements for the annual period ending 30 June 2014. Based on the Group's current structure, the application of these six Standards is not expected to have significant impact on amounts reported in the consolidated financial statements. It is anticipated application of AASB 12 may result in more extensive disclosures in the financial statements.

AASB 13

AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of AASB 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other Australian Accounting Standards require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in AASB 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under AASB 7 'Financial Instruments: Disclosures' will be extended by AASB 13 to cover all assets and liabilities within its scope. AASB 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that AASB 13 will be adopted in the Group's consolidated financial statements for the annual period ending 30 June 2014 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to AASB 132

The amendments to AASB 132 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to AASB 7 require entities to disclose information about rights of offset and related

arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments to AASB 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to AASB 132 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required. The directors anticipate that the application of these amendments to AASB 132 and AASB 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Annual improvements to AASBs 2009 – 2011 Cycle

The annual improvements to AASBs 2009 – 2011 Cycle include a number of amendments to various AASBs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to AASBs include amendments to AASB 132 'Financial Instruments: Presentation'.

The amendments to AASB 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with AASB 112 'Income Taxes'. The directors anticipate that the amendments to AASB 132 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective date.

3. Significant accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements includes the separate financial statements of the Company and the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group and the Company comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 29 August 2013.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive

income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3.4 Business combinations

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

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

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. Significant accounting policies (cont.)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

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

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

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 3.4) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable on an accruals basis. Revenue is reduced for rebates and other similar allowances.

Fee and commission income

Fee and commission income is recognised when the related service has been performed. In relation to corpus commission a percentage of revenue is recognised on completion of each stage of the estate administration starting with the grant of probate and ending with the finalisation of the estate.

Dividend and interest revenue

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

3.7 Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and directors' retiring allowance when it is probable that settlement will be required and they are capable of being measured reliably. The directors' retiring allowance was frozen as at 31 December 2005 except for an annual inflation adjustment in line with the movement in CPI.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

3.9 Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. The Group has two types of equity-settled share-based payments: the Long-term Incentive Awards and the Employee Share Acquisition Plan.

Fair value of the Long-term Incentive Awards is measured by using an adjusted form of the Black-Scholes option pricing model that incorporates a Monte Carlo simulation analysis. The model has been modified to incorporate an estimate of the probability of achieving the performance hurdle and the number of Awards vesting. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or

loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The policy described above is applied to all equity-settled share-based payments that were granted after 7 November 2003 and vested after 1 January 2006. No amounts have been recognised in the financial statements in respect of other equity-settled share-based payments.

Shares issued under the Employee Share Acquisition Plan are valued at fair value determined at the date of issue to employees and this amount is expensed in the income statement with a corresponding entry in issued capital.

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

3. Significant accounting policies (cont.)

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

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

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

Current and deferred tax for the year

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

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Equity Trustees Limited is the head entity in the tax-consolidated group and the other members are identified in note 32. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by each member of the tax-consolidated group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. The Company and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for the tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Investment in tax-consolidated group

Under Australian tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the Group depends on a range of factors, including the tax values and/or carrying values of assets and liabilities of the leaving entity, which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on any disposal of the investments within the tax-consolidated group will therefore depend upon when each entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

Because the consolidated entity has no current intention to dispose of any subsidiaries within the Group, a deferred tax liability has not been recognised in relation to investments within the tax-consolidated group. Furthermore, temporary differences that might arise on disposal of the entities in the tax-consolidated group cannot be reliably measured because of their inherent uncertainties surrounding the nature of any future disposal that might occur.

3.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

3.12 Plant, equipment and leasehold improvements

Plant, equipment and leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation on plant and equipment is recognised so as to write off the cost or valuation of the assets less their residual values over their useful lives using the straight-line method. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

An item of plant, equipment or leasehold improvement is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of plant, equipment or leasehold improvement is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Computer hardware and equipment	2 – 8 years
Office furniture and equipment	1 – 15 years
Leasehold improvements	3 – 6 years

3.13 Intangible assets

Intangible assets acquired separately

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

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

AASB138.118(b) Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation (if finite life intangible) and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Management rights

Management rights relating to the EquitySuper Master Trust business are carried at cost as a non-current intangible asset. The asset has an indefinite useful life and is accordingly not amortised but is subject to an ongoing impairment test (refer note 3.14). Management rights relating to the Freedom of Choice, Equity Superannuation Management, Holdfast Fund Services and Aged Care businesses are recorded at cost less accumulated amortisation and accumulated impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Useful lives of finite life intangible assets

The following useful lives are used in the calculation of amortisation expense:

Software	2 – 10 years
Management rights	5 – 12 years
Makegood asset	5 years

3. Significant accounting policies (cont.)

3.14 Impairment of tangible and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.15 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.16 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.17 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group does not have any financial assets classified as at 'fair value through profit or loss' or 'held-to-maturity'. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Available-for-sale financial assets

Australian listed shares, and investments in managed investment schemes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 39. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

For equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. Significant accounting policies (cont.)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.18 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated fair value through the profit and loss, are subsequently at the higher of:

- the amount of the obligation under the contract, as determined under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with AASB 118 Revenue.

Other financial liabilities

The financial liabilities of the Group are classified as other financial liabilities. There are no financial liabilities classified as fair value through the profit and loss. Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.19 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimation uncertainty used in the preparation of the financial statements that have a significant impact on the amounts recognised in the financial statements.

Employee entitlements

Judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future increases in on-costs; and
- experience of employee departures and probability of period of service being achieved.

Impairment of goodwill and indefinite life management rights

Determining whether goodwill or the indefinite life management rights are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and the indefinite life management rights have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

At 30 June 2013 the carrying amount of goodwill is \$9,507,853 and \$29,060,124 for the management rights (2012: \$9,432,878 goodwill and \$29,298,889 management rights). No impairment has been identified (30 June 2012: nil).

Intangible assets

The useful lives of intangible assets are reviewed annually. Any reassessment of useful lives in a particular year will affect the amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years.

Internally-generated intangible asset

At 30 June 2013, the directors reviewed the status of the Group's internally-generated intangible asset arising from development of in-house software, which is included in the consolidated statement of financial position at 30 June 2013 \$1,293,893 (30 June 2012: \$166,150). The project is progressing well, the development is technically feasible to complete, there is adequate resourcing to complete and there is the intention and ability to use the completed software.

Useful lives of plant, equipment and leasehold improvements

As described in note 3.12, the Group reviews the estimated useful lives of plant and equipment and leasehold improvements at the end of each annual reporting period. During this financial year, the directors have not determined any changes should be made to the useful lives of plant and equipment and leasehold improvements.

Provisions

As referred to in note 3.15, the amounts included in provisions represents the directors' best estimate of the future outflow of economic benefits that will be required to settle identified outstanding issues.

5. Discontinued operations

The Group did not have any discontinued operations (2012: nil).

6. Revenue

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
The following is an analysis of the Group's revenue for the year:				
Revenue from service activities	46,271,766	42,608,751	31,963,935	28,707,119
Interest revenue:				
– Bank deposits	276,471	211,841	254,285	182,551
– Investments	57,116	918	57,116	918
Dividends from non-related companies	123,878	139,648	123,878	139,648
Dividends from wholly owned companies	-	-	3,000,000	6,000,000
Gain on sale of available-for-sale investments	692,563	625,583	692,563	625,583
Other revenue	60,000	60,000	-	-
	1,210,028	1,037,990	4,127,842	6,948,700
Total revenue	47,481,794	43,646,741	36,091,777	35,655,819
The following is an analysis of investment revenue earned on financial assets by category of asset:				
Available-for-sale financial assets	816,441	765,231	816,441	765,231
Loans and receivables (including cash and bank balances)	333,587	212,759	311,401	183,469
Total investment income for financial assets not designated as at fair value through the profit and loss	1,150,028	977,990	1,127,842	948,700

7. Finance cost

Neither the Group nor the Company have any borrowings. The finance cost for the year is nil (2012: nil).

8. Profit for the year

There is no profit or loss attributable to non controlling interests (2012: loss of \$3,735).

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Profit for the year has been arrived at after crediting/(charging) the following gains and (losses):				
Gain from disposal of available-for-sale investments	692,563	625,583	692,563	625,583
Gain/(loss) on disposal of property, plant and equipment	(5,706)	(1,177)	-	1,740
	686,857	624,406	692,563	627,323
Profit for the year includes the following expenses:				
Depreciation and amortisation:				
Depreciation of non-current assets	425,077	407,676	386,867	350,558
Amortisation of non-current assets	701,225	732,044	635,939	659,894
	1,126,302	1,139,720	1,022,806	1,010,452
Amortisation of management rights	238,765	235,307	-	-
Reversal of impairment of financial instrument	(44,617)	(70,090)	(44,617)	(70,090)
	1,320,450	1,304,937	978,189	940,362
Operating lease rental expenses:				
Minimum lease payments	1,383,092	1,173,780	932,212	829,900
Employee benefit expense:				
Post employment benefits:				
– Superannuation contributions	1,651,951	1,707,209	1,117,682	1,021,820
Share-based payments:				
– Equity-settled share-based payments	517,326	330,515	517,326	330,515
Other employee benefits	21,815,572	20,461,427	16,603,942	14,572,391
	23,984,849	22,499,151	18,238,950	15,924,726

9. Income taxes

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Income tax expense comprises:				
Current income tax expense	3,549,767	3,167,605	1,994,742	1,959,360
Prior year tax adjustments recognised in the current year	(20,638)	(40,863)	(19,524)	278,858
Deferred tax expense relating to the origination and reversal of temporary differences	111,108	(3,816)	173,363	(44,441)
Deferred tax reclassified from equity to profit or loss	205,724	186,888	205,724	186,888
Total income tax expense	3,845,961	3,309,814	2,354,305	2,380,665
The income tax expense for the year can be reconciled accounting profit as follows:				
Profit before tax from continuing operations	12,517,362	11,690,927	9,685,040	12,822,440
Income tax expense calculated at 30%	3,755,209	3,507,277	2,905,512	3,846,732
Non-deductible expenses	455,457	177,656	398,956	75,903
Non-assessable income	(310,802)	(313,428)	(897,374)	(1,800,000)
Franked dividends	(33,265)	(20,828)	(33,265)	(20,828)
	3,866,599	3,350,677	2,373,829	2,101,807
Prior year tax adjustments	(20,638)	(40,863)	(19,524)	278,858
	3,845,961	3,309,814	2,354,305	2,380,665

The tax rate used in the above 2013 and 2012 reconciliations is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

9. Income taxes (cont.)

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Income tax expense/(credit) recognised directly in equity:				
Current tax:				
Share issue expenses deductible over 5 years	(9,111)	(12,352)	(9,111)	(12,352)
Deferred tax:				
Arising on transactions with equity participants:				
Share issue expenses deductible over 5 years	5,046	(16,084)	5,046	(16,084)
Total income tax recognised directly in equity	(4,065)	(28,436)	(4,065)	(28,436)
Income tax expense/(credit) recognised in other comprehensive income:				
Deferred tax:				
(Increase)/decrease revaluation of available-for-sale investments	125,510	(180,830)	125,510	(180,830)
Reclassification from equity to profit and loss:				
Realised gain on sale of available-for-sale investments	(205,724)	(186,888)	(205,724)	(186,888)
	(80,214)	(367,718)	(80,214)	(367,718)
Current tax liabilities:				
Income tax payable	1,205,708	540,331	1,190,544	540,331
Deferred tax balances are presented in the statement of financial position as follows:				
Deferred tax asset	1,764,129	1,623,706	1,468,550	1,266,270
Deferred tax liability – investment revaluation	98,155	185,796	98,155	185,796

	Consolidated				
	Opening balance \$	Charged to income \$	Charged to equity \$	Other \$	Closing balance \$
2013					
Gross deferred tax assets:					
Provisions	1,631,456	244,114	-	-	1,875,570
Expenditure deductible over 5 years	49,499	20,777	(5,046)	-	65,230
Property, plant and equipment	147,942	13,777	-	-	161,719
Intangible assets	(205,191)	(133,199)	-	-	(338,390)
	1,623,706	145,469	(5,046)	-	1,764,129
Gross deferred tax liabilities:					
Available-for-sale investments	(185,796)	205,724	(125,510)	7,427	(98,155)
2012					
Gross deferred tax assets:					
Provisions	1,472,837	158,619	-	-	1,631,456
Expenditure deductible over 5 years	59,274	(25,859)	16,084	-	49,499
Property, plant and equipment	142,496	5,446	-	-	147,942
Intangible assets	(89,994)	(115,197)	-	-	(205,191)
	1,584,613	23,009	16,084	-	1,623,706
Gross deferred tax liabilities:					
Available-for-sale investments	(553,514)	186,888	180,830	-	(185,796)

	Company				
	Opening balance \$	Charged to income \$	Charged to equity \$	Other \$	Closing balance \$
2013					
Gross deferred tax assets:					
Provisions	1,348,982	308,040	-	-	1,657,022
Expenditure deductible over 5 years	49,499	20,777	(5,046)	-	65,230
Property, plant and equipment	69,096	15,342	-	-	84,438
Intangible assets	(201,307)	(136,833)	-	-	(338,140)
	1,266,270	207,326	(5,046)	-	1,468,550
Gross deferred tax liabilities:					
Available-for-sale investments	(185,796)	205,724	(125,510)	7,427	(98,155)
2012					
Gross deferred tax assets:					
Provisions	1,250,901	98,081	-	-	1,348,982
Expenditure deductible over 5 years	59,274	(25,859)	16,084	-	49,499
Property, plant and equipment	67,303	1,793	-	-	60,096
Intangible assets	(81,380)	(119,927)	-	-	(201,307)
	1,296,098	(45,912)	16,084	-	1,266,270
Gross deferred tax liabilities:					
Available-for-sale investments	(553,514)	186,888	180,830	-	(185,796)

The Group has no unrecognised deferred tax balances.

Tax consolidation

For information regarding tax consolidation, tax funding and tax sharing arrangements refer to note 3.10.

10. Key management personnel remuneration

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
The aggregate compensation made to key management personnel of the Company and the Group is set out below:				
Short-term employee benefits	3,435,525	3,206,857	3,394,729	2,967,791
Post employment benefits (Superannuation)	235,511	334,557	233,757	285,799
Other long-term benefits	8,534	100,532	12,090	87,501
Share awards	251,028	137,559	251,028	137,559
	3,930,598	3,779,505	3,891,604	3,478,630

Full details of the remuneration of key management personnel for the year ended 30 June 2013 are outlined in the Directors' Report.

The share awards of key management personnel for the year ended 30 June 2013 are outlined in the Directors' Report.

Excluded from the above remuneration is a payment of \$nil (2012: \$93,068) paid to a retired director in accordance with the directors' retiring allowance scheme, as outlined in note 3.8 and the Remuneration Report.

11. Auditor's remuneration

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Auditor – Deloitte Touche Tohmatsu				
Corporate entities				
<i>Audit & Assurance Services</i>				
Audit and review of the consolidated financial statements	237,875	230,947	201,028	195,173
Audit services in accordance with regulatory requirements	72,944	70,820	50,941	49,457
	310,819	301,767	251,969	244,630
<i>Other services</i>				
Tax compliance services in respect of Group corporate entities	60,291	29,991	60,291	29,991
Other services	36,000	20,550	36,000	20,550
Total remuneration for corporate entities	407,110	352,308	348,260	295,171
Managed funds and superannuation funds				
<i>Audit & Assurance Services</i>				
Audit and review of managed and superannuation funds	1,019,769	957,626	889,961	824,802
Audit services in accordance with regulatory requirements	342,975	291,339	291,525	241,384
Other assurance services	8,000	-	8,000	-
	1,370,744	1,248,965	1,189,486	1,066,186
<i>Other services</i>				
Taxation compliance services and review of constitutions, disclosure documents and tax returns for the Group's managed funds	602,043	553,400	584,558	536,425
Total remuneration for managed funds and superannuation funds	1,972,787	1,802,365	1,774,044	1,602,611

The 'Other services' amounts paid to Deloitte Touche Tohmatsu are in accordance with the Company's auditor independence policy as outlined in the Corporate Governance Statement.

The above fees for managed funds and superannuation funds were paid by the individual managed funds and superannuation funds.

12. Current trade and other receivables

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Trade receivables	3,574,608	3,085,021	3,294,580	2,724,302
Allowance for doubtful debts	(82,383)	(46,354)	(78,183)	(46,354)
Other	2,083,351	1,832,199	2,949,279	2,217,640
	5,575,576	4,870,866	6,165,676	4,895,588

The trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The terms of payment for all trade receivables is 14 days from invoice date. All accounts receivable outstanding more than 30 days are monitored and actively managed. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts relating to outstanding trade receivables as determined by a specific review of outstanding accounts. Factors considered in this review include the nature of the debtor, the relationship with the debtor, length of time the debt has been outstanding and knowledge of the reason for the delay in payment.

Before accepting significant new clients the credit worthiness of these clients is assessed by either executive management or the Due Diligence Committee (DDC) depending on the type of client. Other new client credit worthiness is assessed by business managers as is appropriate to the size and nature of those clients and also whether the client has funds deposited with the Company/Group from which the Company/Group is permitted to withdraw payment of its fees.

Included within the Group's trade receivable balance are debtors with a carrying amount of \$783,446 (2012: \$805,202) which are past due at the reporting date but these have not been provided for as there has not been a significant change in credit quality and the amounts are considered recoverable. The Group does not hold any collateral over these balances.

Other receivables include corpus commission, dividends and interest receivable. These receivables are with Australian Securities Exchange listed companies, Australian banks, Australian managed investment schemes and client accounts administered by the Company. These amounts are all considered recoverable.

	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Trade receivables ageing of past due but not impaired				
Under 30 days	312,035	486,999	296,792	263,454
30 – 60 days	147,020	149,670	92,320	114,360
Over 60 days	324,391	168,533	174,849	111,274
	783,446	805,202	563,961	489,088

	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Movement in the allowance for doubtful debts				
Balance at beginning of the year	(46,354)	(10,747)	(46,354)	(10,747)
Impairment losses recognised on trade receivables	(114,294)	(45,231)	(77,716)	(45,231)
Amounts written off as uncollectible	41,837	7,122	41,837	7,122
Impairment losses reversed	36,429	2,502	4,050	2,502
Balance at end of year	(82,382)	(46,354)	(78,183)	(46,354)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

13. Other current assets

	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Prepayments	759,189	683,184	652,909	593,285
Accrued income	1,681,957	2,037,204	1,508,232	1,772,446
	2,441,146	2,720,388	2,161,141	2,365,731

14. Non-current trade and other receivables

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Corpus commission earned but not collected	108,186	108,186	108,186	108,186

15. Other non-current financial assets

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Investment in subsidiaries at cost:				
Shares in subsidiaries	-	-	4,188,735	4,188,735
Available-for-sale investments carried at fair value:				
Australian equities and managed investments schemes	5,450,883	2,855,198	5,450,883	2,855,198
Loans carried at amortised cost:				
Intercompany loans	-	-	27,972,838	29,484,866
Total	5,450,883	2,855,198	37,612,456	36,528,799

The intercompany loans are non-interest bearing.

16. Property, plant and equipment

	Consolidated			
	Computer hardware & equipment at cost \$	Leasehold improvements at cost \$	Office furniture & equipment at cost \$	Total \$
Gross carrying amount				
Balance at 1 July 2011	1,772,215	917,799	558,832	3,248,846
Additions	168,735	41,950	125,025	335,710
Disposals	(52,345)	-	(2,495)	(54,840)
Balance at 1 July 2012	1,888,605	959,749	681,362	3,529,716
Additions	525,204	303,195	137,933	966,332
Disposals	(33,184)	(29,921)	(1,943)	(65,048)
Balance at 30 June 2013	2,380,625	1,233,023	817,352	4,431,000
Accumulated depreciation/amortisation and impairment				
Balance at 1 July 2011	973,626	874,762	415,136	2,263,524
Disposals	(48,972)	-	(2,495)	(51,467)
Depreciation expense	329,792	21,725	56,159	407,676
Balance at 1 July 2012	1,254,446	896,487	468,800	2,619,733
Disposals	(32,429)	(25,345)	(2,255)	(60,029)
Depreciation expense	338,508	32,443	54,126	425,077
Balance at 30 June 2013	1,560,525	903,585	520,671	2,984,781
Net book value				
As at 30 June 2012	634,159	63,262	212,562	909,983
As at 30 June 2013	820,100	329,438	296,681	1,446,219

	Company			Total \$
	Computer hardware & equipment at cost \$	Leasehold improvements at cost \$	Office furniture & equipment at cost \$	
Gross carrying amount				
Balance at 1 July 2011	1,567,891	638,699	316,067	2,522,657
Additions	146,134	29,751	107,642	283,527
Disposals	(32,279)	-	(2,495)	(39,774)
Balance at 1 July 2012	1,676,746	668,450	421,214	2,766,410
Additions	522,489	303,194	121,207	946,890
Disposals	(30,537)	(28,488)	-	(59,025)
Balance at 30 June 2013	2,168,698	943,156	542,421	3,654,275
Accumulated depreciation/amortisation and impairment				
Balance at 1 July 2011	806,801	600,901	245,322	1,653,024
Disposals	(37,232)	-	(2,495)	(39,727)
Depreciation expense	303,659	14,030	32,869	350,558
Balance at 1 July 2012	1,073,228	614,931	275,696	1,963,855
Disposals	(30,536)	(25,308)	-	(55,844)
Depreciation expense	323,212	28,567	35,088	386,867
Balance at 30 June 2013	1,365,904	618,190	310,784	2,294,878
Net book value				
As at 30 June 2012	603,518	53,519	145,518	802,555
As at 30 June 2013	802,794	324,966	231,637	1,359,397

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Aggregate depreciation recognised as an expense during the year:				
Computer hardware & equipment	338,508	329,792	323,212	303,659
Leasehold improvements	32,443	21,725	28,567	14,030
Office furniture and equipment	54,126	56,159	35,088	32,869
	425,077	407,676	386,867	350,558

No depreciation was capitalised.

Depreciation expense is included in the line item 'depreciation and amortisation expenses' of the income statement.

17. Intangible assets

Consolidated				
	Computer software \$	Leasehold makegood \$	Management rights \$	Total \$
Gross carrying amount				
Balance at 1 July 2011	5,467,009	124,000	29,939,608	35,530,617
Additions	564,560	-	331,953	896,513
Disposals	(26,062)	-	-	(26,062)
Balance at 1 July 2012	6,005,507	124,000	30,271,561	36,401,068
Additions	1,950,882	110,000	-	2,060,882
Disposals	(10)	-	-	(10)
Balance at 30 June 2013	7,956,379	234,000	30,271,561	38,461,940
Accumulated amortisation and impairment				
Balance at 1 July 2011	1,561,848	97,549	737,365	2,396,762
Amortisation expense	726,754	5,290	235,307	967,351
Disposals	(26,062)	-	-	(26,062)
Balance at 1 July 2012	2,262,540	102,839	972,672	3,338,051
Amortisation expense	695,935	5,290	238,765	939,990
Disposals	-	-	-	-
Balance at 30 June 2013	2,958,475	108,129	1,211,437	4,278,041
Net book value				
As at 30 June 2012	3,742,967	21,161	29,298,889	33,063,017
As at 30 June 2013	4,997,904	125,871	29,060,124	34,183,899

Company				
	Computer software \$	Leasehold makegood \$	Management rights \$	Total \$
Gross carrying amount				
Balance at 1 July 2011	5,147,878	-	-	5,147,878
Additions	555,335	-	-	555,335
Disposals	(26,062)	-	-	(26,062)
Balance at 1 July 2012	5,677,151	-	-	5,677,151
Additions	1,950,882	110,000	-	2,060,882
Disposals	-	-	-	-
Balance at 30 June 2013	7,628,033	110,000	-	7,738,033
Accumulated amortisation and impairment				
Balance at 1 July 2011	1,425,649	-	-	1,425,649
Amortisation expense	659,894	-	-	659,894
Disposals	(26,062)	-	-	(26,062)
Balance at 1 July 2012	2,059,481	-	-	2,059,481
Amortisation expense	635,939	-	-	635,939
Disposals	-	-	-	-
Balance at 30 June 2013	2,695,420	-	-	2,695,420
Net book value				
As at 30 June 2012	3,617,670	-	-	3,617,670
As at 30 June 2013	4,932,613	110,000	-	5,042,613

Amortisation expense is included in the line item 'depreciation and amortisation expenses' of the income statement.

Significant intangible assets

The Group holds the following management rights. Management rights relating to the EquitySuper Master Trust superannuation business have an indefinite life and the other management rights have finite lives.

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
EquitySuper Master Trust	28,187,616	28,187,616	-	-
Freedom of Choice	503,656	589,097	-	-
Equity Superannuation Management Pty Limited	86,050	125,766	-	-
Holdfast Fund Services Pty Limited	30,379	102,493	-	-
Aged Care	252,423	293,917	-	-
	29,060,124	29,298,889	-	-

The indefinite life management rights (EquitySuper Master Trust) have been allocated for impairment testing purposes to the Private Wealth Services (PWS) cash-generating unit. The carrying amount of the indefinite life management rights allocated to the PWS cash-generating unit is \$28,187,616 (2012: \$28,187,616).

Details of the PWS cash-generating unit, the value-in-use calculation of the recoverable amount and key assumptions are contained in note 18.

Management has reviewed the useful life of the indefinite life management rights and has determined that these management rights continue to have an indefinite life. In undertaking this review management has considered the economic, competitor and political environment in relation to the superannuation industry, the contractual rights and contractual relationships in relation to these management rights, and ability of the management rights to continue to have value into the foreseeable future.

18. Goodwill

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Cost	9,507,853	9,432,878	-	-
Accumulated impairment losses	-	-	-	-
	9,507,853	9,432,878	-	-
Balance at beginning of the financial year	9,432,878	8,272,592	-	-
Amounts recognised during the year	74,975	1,160,286	-	-
Balance at end of the financial year	9,507,853	9,432,878	-	-

There are no accumulated impairment losses (2012: nil).

During the financial year the Group assessed the recoverable amount of goodwill and determined that no impairment had occurred (2012: nil).

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Corporate Fiduciary and Financial Services (CFFS).
- Private Wealth Services (PWS).

18. Goodwill (cont.)

The carrying amounts of goodwill allocated to CFFS and PWS are significant in comparison with the total carrying amount of goodwill. The carrying amount of goodwill was allocated to the following cash-generating units.

	Consolidated	
	2013 \$	2012 \$
CFFS	3,679,743	3,679,743
PWS	5,828,110	5,753,135
	9,507,853	9,432,878

Corporate Fiduciary and Financial Services (CFFS)

The recoverable amount of the CFFS operating segment is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five year period, together with a terminal value based on a conservative rate of growth. These cashflows are discounted at 12.19% (2012: 10.04%). Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CFFS operating segment.

The key assumptions used in the value-in-use calculations are the growth rate of funds under management, basis point fee levels, and expense growth rate.

Private Wealth Services (PWS)

During the financial year ended 30 June 2013 the Equity Trustees Superannuation Limited Group (ETSL Group) and the Wealth Management and Administrative Services (WS) cash-generating units were combined into one cash-generating unit called Private Wealth Services due to a restructuring of the business that resulted in these two business units being combined into one operation. The PWS operation is controlled by one Head of Business and has integrated teams eliminating functions that were previously duplicated in ETSL Group and WS. The goodwill previously allocated to ETSL Group was \$4,592,849 and \$1,160,286 to WS.

The recoverable amount of the PWS cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five year period, together with a terminal value based on a conservative rate of growth. These cashflows are discounted at 12.19% (2012: 10.04%). Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the PWS cash-generating unit.

The key assumptions used in the value-in-use calculations are the growth in rate of funds under management and growth in ongoing services revenue, growth in one-off advisory services and expense growth rate.

19. Current trade and other payables

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Trade payables	303,275	116,981	269,178	108,403
Goods and Services Tax payable	277,956	303,581	155,223	197,216
Other	210,634	201,722	107,153	152,577
	791,865	622,284	531,554	458,196

The Group's policy regarding trade payables is to pay all invoices by the due date. No interest charges have been incurred on trade payables.

20. Current provisions

Consolidated			
	Employee benefits (note 24) \$	Other \$	Total \$
Balance at 1 July 2012	2,443,892	298,862	2,742,754
Additional provisions recognised	-	464,251	464,251
Decrease arising from payments	-	(297,703)	(297,703)
Decrease arising from re-measurement or settlement without cost	-	(1,159)	(1,159)
Other movements	860,711	-	860,711
Balance at 30 June 2013	3,304,603	464,251	3,768,845

Company			
	Employee benefits (note 24) \$	Other \$	Total \$
Balance at 1 July 2012	1,738,482	285,862	2,024,344
Additional provisions recognised	-	461,651	461,651
Decrease arising from payments	-	(284,703)	(284,703)
Decrease arising from re-measurement or settlement without cost	-	(1,159)	(1,159)
Other movements	1,223,115	-	1,223,115
Balance at 30 June 2013	2,961,597	461,651	3,423,248

Other provisions includes the directors' best estimate of amounts required to meet fringe benefit tax and other trade payment obligations that are owing.

21. Other current liabilities

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
At amortised cost:				
Corpus commission collected but not earned	24,738	61,139	24,738	61,139
Other	35,953	35,818	30,732	27,524
	60,691	96,957	55,470	88,663

22. Non-current provisions

Consolidated			
	Makegood \$	Employee benefits (note 24) \$	Total \$
Balance at 1 July 2012	126,500	1,257,453	1,383,953
Additional provision recognised	110,000	-	110,000
Other movements	-	(23,457)	(23,457)
Balance at 30 June 2013	236,500	1,233,996	1,470,496

22. Non-current provisions (cont.)

	Company		
	Makegood \$	Employee benefits (note 24) \$	Total \$
Balance at 1 July 2012	-	967,771	967,771
Additional provision recognised	110,000	-	110,000
Other movements	-	(24,452)	(24,452)
Balance at 30 June 2013	110,000	943,319	1,053,319

The makegood provision represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required to settle the Group's obligations to makegood its leased premises at the end of the leases.

23. Other non-current liabilities

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Amounts owing to controlled entity	-	-	100,010	100,010
Lease related liabilities	349,061	399,406	349,061	399,406
Corpus commission collected but not earned	34,995	34,995	34,995	34,995
	384,056	434,401	484,066	534,411

24. Employee benefits

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
The aggregate employee benefits liability recognised and included in the financial statements is as follows:				
Provision for employee benefits:				
Current (note 20)				
– Annual leave	1,111,348	1,002,362	786,821	642,746
– Long service leave	68,406	101,875	49,927	44,004
– Bonus	2,070,629	1,339,655	2,070,629	1,051,732
– Directors' retiring allowance	54,220	-	54,220	-
	3,304,603	2,443,892	2,961,597	1,738,482
Non-current (note 22)				
– Long service leave	1,095,856	1,073,435	805,179	783,753
– Directors' retiring allowance	138,140	184,018	138,140	184,018
	1,233,996	1,257,453	943,319	967,771
	4,538,599	3,701,345	3,904,916	2,706,253

The above employee benefit provisions are the directors' best estimate of the future outflow of economic benefits that will be required to settle these future payment obligations.

25. Issued capital

	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
9,049,621 fully paid ordinary shares (2012: 8,907,676)	49,601,432	47,481,389	49,601,432	47,481,389

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2013		2012	
Fully paid ordinary shares	No.	\$	No.	\$
Balance at beginning of financial year	8,907,676	47,481,389	8,566,384	43,489,257
Shares issued under employee share scheme	13,770	176,256	-	-
Shares issued under employee salary sacrifice	2,881	39,865	3,608	45,988
Shares issued under share placement	-	-	202,445	2,421,242
Shares issued under dividend reinvestment plan (DRP)	125,294	1,913,406	135,239	1,591,253
Share issue costs net of tax	-	(9,484)	-	(66,351)
Balance at end of financial year	9,049,621	49,601,432	8,907,676	47,481,389

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share Awards

In accordance with the provisions of the Equity Trustees Limited Executive Performance Share Plan 1999 (the Plan), as at 30 June 2013, eligible executives have share entitlements over 126,480 ordinary shares (2012: 118,392), in aggregate. Further details of the Plan are contained in the Remuneration Report within the Directors' Report.

26. Other reserves

	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Employee equity-settled benefits reserve	1,147,222	846,017	1,147,222	846,017

The movements in the above reserve account is shown in the statement of changes in equity.

Employee equity-settled benefits reserve

The employee equity-settled benefits reserve arises on the granting of share entitlements to eligible employees under the Equity Trustees Limited Executive Performance Share Plan 1999 (the Plan) (refer Directors' Report) and on the provision for shares to be issued to staff under the Employee Share Acquisition Plan (ESAP). The ESAP is in place to allow eligible employees to participate in share allotments as approved by the Board on an on-going basis as deemed appropriate. There is \$177,000 provided for ESAP in 2013 (2012: \$183,000).

27. Investment revaluation reserve

The movement in the investment revaluation reserve account is shown in the Statement of Changes in Equity.

The investment revaluation reserve arises on the revaluation of investment financial assets that are accounted for as available-for-sale (refer note 3.17). Where a revalued asset is sold, that part of the revaluation reserve that relates to the sold asset is transferred to the income statement and where a revalued asset is impaired, the portion of the reserve which exceeds the fair value of the impaired asset is transferred to the income statement.

28. Earnings per share

Earnings per share	Consolidated	
	2013 Cents per share	2012 Cents per share
Basic earnings per share	96.65	96.74
Diluted earnings per share	95.50	95.99

Basic earnings per share	Consolidated	
	2013 \$	2012 \$
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Earnings	8,671,401	8,381,113
	2013 No.	2012 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,971,376	8,663,014

Diluted earnings per share	Consolidated	
	2013 \$	2012 \$
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:		
Earnings	8,671,401	8,381,113
	2013 No.	2012 No.
Weighted average number of ordinary shares for the purposes of diluted earnings per share	9,080,084	8,731,442

There were no discontinued operations (2012: nil).

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:	Consolidated	
	2013 No.	2012 No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	8,971,376	8,663,014
Shares deemed to be issued for no consideration in respect of employee share entitlements	108,708	68,428
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	9,080,084	8,731,442

There have been no changes in accounting policies that have had an impact on earnings per share.

29. Dividends

	2013		2012	
	Cents per share	\$	Cents per share	\$
Recognised amounts				
<i>Fully paid ordinary shares</i>				
Interim dividend: Fully franked (Prior year: Fully franked)	42	3,768,743	40	3,447,455
Final dividend: Fully franked (Prior year: Fully franked)	45	4,015,085	50	4,283,738
		7,783,828		7,731,193
Unrecognised amounts				
<i>Fully paid ordinary shares</i>				
Final dividend: Fully franked (Prior year: Fully franked)	50	4,525,053	45	4,015,085

	Company	
	2013 \$	2012 \$
Franking account balance at 1 July	7,232,745	6,384,003
Tax paid	3,324,370	4,071,694
Franking credits received	47,521	55,399
Other	-	35,017
Franking credits attached to interim and final dividends	(3,335,926)	(3,313,368)
Franking account balance at 30 June	7,268,710	7,232,745
Franking credits that will arise from income tax payable at reporting date	897,181	540,331
Franking credits that will arise from receipt of dividends recognised as receivables at reporting date	2,880	2,460
Franking credits to be attached to dividends declared but not recognised	(1,939,308)	(1,720,751)
Adjusted franking account balance	6,229,463	6,054,785

30. Commitments for expenditure

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Capital expenditure commitments				
Intangible Assets				
Not longer than 1 year	-	60,000	-	60,000
1 to 5 years	-	-	-	-
	-	60,000	-	60,000
Plant and equipment				
Not longer than 1 year	-	230,000	-	230,000

Operating lease commitments

The Group has operating leases relating to leases of office premises with lease terms of between three and six years. The leases are subject to annual rent reviews.

The Group has a number of printer leases with expiry dates occurring in 2015 to 2016. These leases have minimum monthly lease payments and additional charges if usage exceeds a set number of monthly prints.

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Non-cancellable operating lease payments				
Not longer than 1 year	1,535,187	1,327,752	1,121,721	880,779
Longer than 1 year and not longer than 5 years	2,842,698	3,393,491	2,054,561	2,188,595
	4,377,885	4,721,243	3,176,282	3,069,374

In respect of non-cancellable operating leases the following liabilities have been recognised:

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Lease incentives				
Current	129,255	115,342	129,255	115,342
Non-current	219,806	284,064	219,806	284,064
	349,061	399,406	349,061	399,406

The Group has no onerous lease contracts.

There are no non-cancellable operating sub-leases (2012: no non-cancellable operating sub-lease).

31. Contingent liabilities and 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. This position is unchanged from 30 June 2012.

There is a contingent liability for an agreed success-based fee of \$1,500,000, less retainer fees paid up until a successful transaction, payable to the Company's financial adviser, Lion Capital in relation to the proposed acquisition of The Trust Company (refer note 38). As the takeover is ongoing, none of this success fee has been accrued at 30 June 2013.

There are no contingent assets (2012: nil).

32. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2013	2012
Parent entity			
Equity Trustees Limited	Australia		
Subsidiaries			
Equity Nominees Limited	Australia	100%	100%
Equity Investment Management Limited	Australia	100%	100%
Equity Trustees Superannuation Limited	Australia	100%	100%
Equity Superannuation Management Pty Limited	Australia	100%	100%
Equity Superannuation Administration Pty Limited	Australia	100%	100%
Super.com Pty Limited	Australia	100%	100%
Super.com.au Pty Limited	Australia	100%	100%
Holdfast Fund Services Pty Limited	Australia	100%	100%
Apex Super Limited	Australia	100%	100%
EQT Aged Care Services Pty Ltd	Australia	100%	100%
Simple Wrap Pty Ltd	Australia	100%	75%

Equity Trustees Limited is the head entity within the tax-consolidated group.

All the above subsidiaries are members of the tax-consolidated group.

The Group acquired the remaining 25% of the shares in Simple Wrap Pty Ltd and Simple Wrap Pty Ltd joined the tax-consolidated group on 12 April 2013.

Refer to note 33 for details regarding subsidiaries acquired during the year.

33. Business combinations

Acquisition of businesses

Year ended 30 June 2013

There were no business acquisitions during the year.

Year ended 30 June 2012

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.

Consideration	2013 \$	2012 \$
Cash	-	1,384,589

Acquisition-related costs amounting to nil have been excluded from the consideration transferred and have been recognised as an expense in the period in the income statement (2012: \$65,960).

Assets acquired and liabilities assumed at the date of acquisition		
	2013 \$	2012 \$
Current assets		
Other current assets	-	10,306
Non-current assets		
Property, plant and equipment	-	7,761
Intangible assets	-	331,953
Deferred tax assets	-	20,664
Current liabilities		
Employee entitlements	-	(131,241)
Non-current liabilities		
Provisions	-	(2,500)
Employee entitlements	-	(12,640)
	-	224,303

No trade receivables were acquired (2012: Nil).

Goodwill arising on acquisition		
	2013 \$	2012 \$
Consideration	-	1,384,589
Less fair value of identifiable net assets acquired	-	(224,303)
Goodwill arising on acquisition	-	1,160,286

(2012: Goodwill arose in relation to the acquisition the Aged Care business 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		
	2013 \$	2012 \$
Consideration paid in cash	-	1,384,589
Less cash and cash equivalent balances acquired	-	-
	-	1,384,589

Impact of acquisition on the results of the Group

(2012: The directors of the Group consider that the profit figures in relation to the acquisition of the Aged Care business is not material. Therefore, no disclosure has been made).

(2012: The directors of the Group consider that the pro-forma numbers representing an approximate measure of the performance of the combined Group on an annualised basis in relation to the acquisition of the Aged Care business is not material. Therefore, no disclosure has been made).

34. Non-controlling interests

	Consolidated	
	2013 \$	2012 \$
Balance at beginning of the year	(3,710)	25
Acquisition of non-controlling interests	3,710	-
Share of profit/(loss) for the year	-	(3,735)
Balance at end of year	-	(3,710)

35. Segment information

Information reported to the Group's Chief Executive Officer 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 Private Wealth Services and Corporate Fiduciary and Financial Services. The Group's reportable segments under AASB 8 are as follows:

Private Wealth Services

The provision of personal financial and superannuation services, including in relation to personal estates and trusts, wealth management, asset management, aged care services, and portfolio services. Further details are included in the Directors' Report.

Corporate Fiduciary and Financial Services

Responsible Entity trustee services for managed funds on behalf of local and international managers and sponsors. Management and coordination of distribution and marketing for Equity Trustees co-branded retail and wholesale funds.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. There were no discontinued operations (2012: nil).

	Consolidated	
	2013 \$	2012 \$
Segment revenue		
Private Wealth Services	27,769,840	27,019,788
Corporate Fiduciary and Financial Services	18,561,926	15,648,963
	46,331,766	42,668,751
Unallocated	1,150,028	977,990
Total revenue per income statement	47,481,794	43,646,741

The revenue reported above represents revenue generated from external customers. There were no inter-segment sales (2012: nil). No single customer accounts for 10% or more of the Group's revenue.

	Consolidated	
	2013 \$	2012 \$
Segment net profit before tax		
Private Wealth Services	6,039,367	5,408,970
Corporate Fiduciary and Financial Services	6,443,675	5,303,967
	12,483,042	10,712,937
Unallocated	34,320	977,990
Total net profit before tax per income statement	12,517,362	11,690,927

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the contribution earned by each segment without the allocation of acquisition related expenditure, 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.

Revenue by product and service	Consolidated	
	2013 \$	2012 \$
Private Wealth Services	27,769,840	27,019,788
Corporate Fiduciary and Financial Services	18,561,926	15,648,963
	46,331,766	42,668,751

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.

Geographic segment

The Group operates only in Australia which is treated as one geographic segment.

36. Related party disclosures

Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 32 to the financial statements.

The Company does not hold any interests in associates, joint ventures or other related parties.

Transactions with key management personnel

(a) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 10 to the financial statements and in the Directors' Report.

(b) Loans to key management personnel

The Group had nil key management personnel loans as at 30 June 2013 (2012: nil).

(c) Director and key management personnel equity holdings

Director and key management personnel relevant interests in fully paid ordinary shares of Equity Trustees Limited are as follows:

Consolidated	Balance at 1 July 2012	Net change	Balance at 30 June 2013
2013	No.	No.	No.
Directors			
DF Groves	617,900	23,061	640,961
KJ Eley	20,226	14,606	34,832
JG Kennett	17,857	1,422	19,279
JA (Tony) Killen	7,580	8,402	15,982
AM O'Donnell	640	410	1,050
RBO Burns	1,000	-	1,000
AJM Williams	411	25	436
Key management personnel			
T Ryan	16,875	1,039	17,914
PB Maddox	14,987	924	15,911
HH Kalman	12,618	56	12,674
GR Rimmer	-	3,759	3,759
RE Bessemer	-	-	-

36. Related party disclosures (cont.)

Consolidated	Balance at 1 July 2011	Net change	Balance at 30 June 2012
2012	No.	No.	No.
Directors			
DF Groves	597,190	20,710	617,900
JR McConnell (retired 28 October 2011)	20,097	n/a	n/a
JG Kennett	16,119	1,738	17,857
JA (Tony) Killen	7,107	473	7,580
RBO Burns	1,000	-	1,000
AJM Williams	381	30	411
AM O'Donnell	339	301	640
KJ Eley (appointed 25 November 2011)	-	20,266	20,226
Key management personnel			
T Ryan	15,643	1,232	16,875
PB Maddox	13,894	1,093	14,987
SR Manuell (resigned 9 January 2013)	12,925	144	13,069
HH Kalman	12,552	66	12,618
AD Young (resigned 31 July 2012)	1,162	-	1,162
LD Wraith (resigned 31 December 2012)	159	-	159

(d) Entitlements to shares of Equity Trustees Limited issued under the Executive Performance Share Plan 1999

Details of entitlements to Equity Trustees Limited shares issued under the Executive Performance Share Plan 1999, are disclosed in the Directors' Report.

(e) Vested shares awards

Details of vested share awards are disclosed in the Directors' Report.

(f) Other transactions with key management personnel

Some directors, key management personnel and their associates have investments in managed investment schemes for which the Company acts as responsible entity. These investments are made at arms length and in the ordinary course of business. Some directors, key management personnel and their associates receive wealth management, superannuation and other financial services from the Group. These services are provided at arms length and in the ordinary course of business except the directors, key management personnel and their associates are entitled to receive the normal available staff discount or other customary discount available in relation to size of business.

Ms Williams is a director of Victorian Funds Management Corporation (VFMC), Defence Health (DH) and Guild Group Holdings Limited (GGHL) which, on behalf of VFMC, DH and GGHL clients, invests in various managed investment schemes, some of which have the Company as responsible entity. In her role as director of VFMC, DH and GGHL, Ms Williams is not actively involved in investment selections or the appointment of the Company as responsible entity to managed investment schemes in which VFMC, DH or GGHL invests.

There were no other related party transactions between the Group or the parent entity and key management personnel or their related entities apart from the above (2012: nil).

Transactions with other related parties

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

The Company had an interest free intercompany account with each of its controlled entities. The total amounts owed to the Company by its controlled entities are disclosed in note 15.

The Company and its controlled entities have entered into a tax sharing arrangement, as disclosed in note 3.10.

During the year, controlled entities acted as trustee and administrator for the EquitySuper Master Trust (including Apex Super and Mutual Super sub-plans), the Public Eligible Rollover Fund, EquitySuper Pooled Superannuation Trust, and the Freedom of Choice Superannuation Masterfund from which they received trustee and administration fees. These fees were contractually agreed with members.

During the year, a controlled entity received fees and commissions from the EquitySuper Master Trust and the Freedom of Choice Masterfund for work undertaken on behalf of the EquitySuper Master Trust. Another controlled entity was the Trustee of these Trusts.

During the year, a controlled entity, Equity Investment Management Limited, received administration and service charges from its subsidiary company, Equity Trustees Superannuation Limited.

The Freedom of Choice Superannuation Masterfund became a sub-plan in the EquitySuper Master Fund on 1 July 2013.

All other transactions took place on normal commercial terms and conditions.

Parent Entity

The parent entity of the Group is Equity Trustees Limited.

The ultimate Australian parent entity and ultimate parent entity is Equity Trustees Limited.

Investments in Managed Investment Schemes

Included in the investment portfolio of the Company are investments in managed investment schemes where the Company acts as responsible entity. These investments are made on normal commercial terms and conditions.

37. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the consolidated statement of financial position as follows:

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Cash and cash equivalents	9,891,934	9,898,656	8,884,807	9,408,226

37. Notes to the cash flow statement (cont.)

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Profit for the period	8,671,401	8,381,113	7,330,735	10,441,775
Income tax expense recognised in profit and loss	3,845,961	3,309,814	2,354,305	2,380,665
(Profit)/loss on sale of investments	(692,563)	(625,583)	(692,563)	(625,583)
Depreciation and amortisation of non-current assets	1,126,302	1,139,720	1,022,806	1,010,452
Impairment of financial instruments (reversal)	(44,617)	(70,090)	(44,617)	(70,090)
Amortisation of management rights	238,765	235,307	-	-
(Profit)/loss on sale of plant and equipment	5,706	1,177	-	(1,740)
Equity-settled share-based payments	517,326	330,515	517,326	330,515
Interest income received and receivable	(333,587)	(212,759)	(311,401)	(183,469)
Dividends received and receivable	(123,878)	(139,648)	(3,123,878)	(6,139,648)
	13,210,816	12,349,566	7,052,713	7,142,877
Movements in working capital				
(Increase)/decrease in trade and other receivables	(927,883)	(1,137,127)	(1,201,863)	(1,052,763)
(Increase)/decrease in other assets	882,638	1,849,606	972,375	1,919,665
Increase /(decrease) in trade and other payables	(113,369)	(1,497,811)	261,849	291,179
Increase /(decrease) in other provisions	888,673	422,881	1,808,364	(525,879)
Cash generated from operations	13,940,875	11,987,115	8,893,438	7,775,079
Income taxes paid	(3,324,370)	(4,071,694)	(3,324,370)	(4,071,694)
Net cash generated by operating activities	10,616,505	7,915,421	5,569,068	3,703,385

(c) Non-cash financing activities

Non-cash financing activities during the year were dividend reinvestments of \$1,913,406 (2012: \$1,591,253) and employee salary sacrifice share issues \$39,865 (2012: \$45,988).

38. Subsequent events

The following provides a summary of the key points relating to a takeover offer by the Company:

- On 21 February 2013, Equity Trustees Limited (ASX: EQT) announced its intention to make an off-market takeover offer for all of the shares in The Trust Company Limited (ASX: TRU). The offer was 33 EQT shares for every 100 TRU shares.
- A Bidder's Statement was issued on 27 March 2013 and contained an offer closure date of 6 May 2013.
- On 23 April 2013, EQT's offer period was extended to 5 June 2013.
- On 7 May 2013, TRU announced that it had entered into a Scheme Implementation Agreement with Perpetual Limited (ASX: PPT) to implement a scheme of arrangement to acquire 100% of TRU's shares. The consideration was 0.1495 PPT shares, or a cash equivalent (subject to a cap on the total cash available), for each TRU share. In addition, there would be a payment of a 22 cent special dividend per TRU share, paid by TRU.
- On 14 May 2013 EQT announced a revised proposal, which was formalised on 21 June 2013. EQT's revised proposal increased the consideration under the offer from 33 to 37 EQT shares for each TRU share. In addition, EQT announced that it would match the PPT offer in relation to the 22 cent special dividend per TRU share, paid by TRU.
- On 27 May 2013, EQT's offer period was extended to 31 July 2013.
- On 22 July 2013, EQT's offer period was extended to 30 September 2013.
- On 1 August 2013, the Australian Competition & Consumer Commission (ACCC) published a Statement of Issues outlining preliminary competition concerns in relation to PPT's proposal to acquire 100% of TRU's shares. In the Statement of Issues the ACCC stated that it anticipated that a final decision in relation to its review of the proposed PPT/TRU merger will be made on 19 September 2013.

Professional fees associated with EQT's offer for TRU have been accrued into the EQT results at 30 June 2013, based on the services performed. Subsequent fees will be accrued in the following financial year, as incurred. An agreed success-based fee of \$1,500,000, less retainer fees paid up until a successful transaction, is payable to the Company's financial adviser, Lion Capital. As the takeover is ongoing, none of this success fee has been accrued at 30 June 2013.

The Freedom of Choice Superannuation Masterfund became a sub-plan in the EquitySuper Master Fund on 1 July 2013.

Apart from the above, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years (2012: nil).

39. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while balancing achieving shareholder returns with prudential management of resources, achieving its long-term strategy and meeting the Net Tangible Asset (NTA) requirements imposed by regulatory authorities.

The Group's overall strategy remains unchanged from 2012. The Group has met its NTA requirements throughout the 2013 year as well as throughout the 2012 year.

The capital structure consists only of equity (refer note 25 for details regarding equity instruments issued). The Group operates only in Australia and is subject to a requirement under its RSE licence to maintain NTA of \$5m. There are no other externally imposed capital requirements (2012: nil).

Operating cashflows are used to maintain and expand the Group's financial services activities including providing funds for acquiring suitable businesses that align with the existing financial services activities of the Group. Operating cashflows are also used to fund routine payments of tax and dividends.

The Group's current policy is to fund its activities, including business acquisitions by using accumulated surplus operating cashflow and raising funds through the issue of ordinary shares in the head company, Equity Trustees Limited. This policy is periodically reviewed in light of the Group's long-term strategy, prudential management of resources, dividend policy, market conditions, and NTA requirements and achieving shareholder returns.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses) for each class of financial assets, financial liability and equity instrument are disclosed in note 3.

(c) Categories of financial instruments

	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	9,891,934	9,898,656	8,884,807	9,408,226
Loans and receivables – trade receivables	3,492,225	3,038,667	3,216,397	2,677,948
Available-for-sale financial assets – mortgage fund	3,000,000	-	3,000,000	-
Available-for-sale financial assets – equities and managed investment schemes	2,450,883	2,855,198	2,450,883	2,855,198
	18,835,042	15,792,521	17,552,087	14,941,372
Financial liabilities				
Amortised at cost	303,275	116,981	269,178	108,403

During the 2013 financial year there were no financial assets or liabilities designated as at fair value through profit or loss for either the Group or the Company (2012: nil). No financial assets have been pledged as collateral for either liabilities or contingent liabilities (2012: nil). No assets are held as collateral (2012: nil).

39. Financial instruments (cont.)

(d) Financial risk management objectives

The Group's and the Company's main financial instrument risk exposures relate to market risk (including price and interest rate risk), credit risk, and liquidity risk. Neither the Group nor the Company has any borrowings. The Group and the Company manage financial instrument risk through a combination of executive management monitoring key financial risks and the use of committees that manage and monitor particular activities and their related financial risks.

Both the executive management and committees report to the Board on a regular basis regarding their activities and the related financial risks. The committees include a Due Diligence Committee (DDC) and an Investment Management Committee (IMC). The DDC reviews new business proposals including the credit risk associated with the counter parties. The IMC responsibilities include reviewing and managing the Group's investment portfolio and its associated financial risks.

The liquidity position of the Group and Company are continuously monitored by executive management and the impact on liquidity of any significant transaction, such as payment of a dividend, acquisition of a new business, and purchase of capital assets is considered prior to the transaction being approved.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's investment policy is to hold financial instruments for the long-term to support capital and NTA requirements. The asset allocation of the portfolio is conservative and any changes to investments are approved by the Board. The Group does not use hedging to manage its financial risks.

(e) Market risk

The Group's and the Company's primary exposure in relation to financial instruments is to interest rate risk and price risk. These exposures primarily arise in relation to the Group's and Company's investment portfolio. Neither the Group nor the Company has any borrowings nor do they have any exposure to foreign currency risk in relation to their financial instruments. Neither the Group nor the Company uses derivatives to manage market risks as executive management do not believe these risks warrant the use of derivatives due to their nature and relative low level of risk.

At both the Group and Company level, market risks in relation to financial instruments are managed by executive management and IMC monitoring and review which includes sensitivity analysis. There has been no change from the previous period to the Group's or the Company's exposure to market risk or the manner in which these risks are managed and measured.

(f) Interest rate risk management

The Group and the Company are exposed to interest rate risk in relation to their financial instruments as they have funds invested in variable interest rate investments. Neither the Group nor the Company has any borrowings. The risk is primarily managed by maintaining prudent asset allocations within the investment portfolio, to minimise the impact of movements in interest rates on the overall portfolio whilst maintain acceptable levels of returns, and by continuously monitoring the quality and performance of the investments. These investment processes and reviews are managed by the IMC.

Interest rate sensitivity analysis

A sensitivity analysis in relation to the Group's and Company's exposure to interest rate movements is set out on the next page. Management has assessed the reasonably possible change in interest rates to be plus/minus 100 basis points for 2013 (2012: plus/minus 100 basis points) based on a review of market conditions. This assumes both long and short-term interest rates will have the same basis point movement.

The sensitivity analysis is calculated using the end of year balance of the financial instrument where this balance is representative of the balance throughout the year. If the end of year balance is not representative of the balance throughout the year, then the sensitivity analysis is calculated using the average balance (calculated on a quarterly basis) held throughout the year.

Consolidated	Carrying amount at 30 June 2013	Interest rate risk			
		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
2013	\$				
Cash and cash equivalents	9,891,934	(95,928)	n/a	95,928	n/a
Available-for-sale financial assets – mortgage fund	3,000,000	(12,603)	n/a	12,603	n/a
	12,891,934	(108,531)	n/a	108,531	n/a

Consolidated	Carrying amount at 30 June 2012	Interest rate risk			
		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
2012	\$				
Cash and cash equivalents	9,898,656	(64,569)	n/a	64,569	n/a

Company	Carrying amount at 30 June 2013	Interest rate risk			
		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
2013	\$				
Cash and cash equivalents	8,884,807	(84,120)	n/a	84,120	n/a
Available-for-sale financial assets – mortgage fund	3,000,000	(12,603)	n/a	12,603	n/a
	11,884,807	(96,723)	n/a	96,723	n/a

Company	Carrying amount at 30 June 2012	Interest rate risk			
		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
2012	\$				
Cash and cash equivalents	9,408,226	(54,707)	n/a	54,707	n/a

(g) Other price risk

The Group and the Company are exposed to other price risk from their investment in Australian equities and Australian managed investment schemes. These investments are held for long-term investment purposes and support the NTA requirement. These investments are not held for trading purposes and they are not actively traded.

The risk is primarily managed by maintaining prudent asset allocations within the investment portfolio, to minimise the impact of movements in equity prices on the overall portfolio whilst maintaining acceptable levels of returns, and by continuously monitoring the quality and performance of the investments. These investment processes and reviews are managed by the IMC.

39. Financial instruments (cont.)

Price sensitivity analysis

A sensitivity analysis in relation to the Group's and Company's exposure to other price movements is set out below. This sensitivity analysis has been determined based on the exposure to Australian equities and Australian managed investment schemes. Management has assessed the reasonably possible change in Australian equities to be plus/minus 10%, and Australian managed investment scheme plus/minus 10% (2012: Australian equities plus/minus 10%, and Australian managed investment scheme plus/minus 5% or plus/minus 10%) based on a review of market conditions.

The sensitivity analysis is calculated using the end of year balance of the financial instrument where this balance is representative of the balance throughout the year. If the end of year balance is not representative of the balance throughout the year, then the sensitivity analysis is calculated using the average balance (calculated on a quarterly basis) held throughout the year.

Consolidated	Carrying amount at 30 June 2013	Plus/minus impact	Other price risk			
			Minus impact		Plus impact	
			Profit \$	Equity \$	Profit \$	Equity \$
2013	\$	%				
Available-for-sale investments:						
Australian equities	201,096	10	n/a	(55,653)	n/a	55,653
Managed investment schemes	2,249,787	10	n/a	(219,709)	n/a	219,709
	2,450,883		n/a	(275,362)	n/a	275,362

Consolidated	Carrying amount at 30 June 2012	Plus/minus impact	Other price risk			
			Minus impact		Plus impact	
			Profit \$	Equity \$	Profit \$	Equity \$
2012	\$	%				
Available-for-sale investments:						
Australian equities	836,105	10	n/a	(114,437)	n/a	114,437
Managed investment schemes	2,019,093	5 – 10	n/a	(202,557)	n/a	202,557
	2,855,198		n/a	(316,994)	n/a	316,994

Company	Carrying amount at 30 June 2013	Plus/minus impact	Other price risk			
			Minus impact		Plus impact	
			Profit \$	Equity \$	Profit \$	Equity \$
2013	\$	%				
Available-for-sale investments:						
Australian equities	201,096	10	n/a	(55,653)	n/a	55,653
Managed investment schemes	2,249,787	10	n/a	(219,709)	n/a	219,709
	2,450,883		n/a	(275,362)	n/a	275,362

Company	Carrying amount at 30 June 2012	Plus/minus impact	Other price risk			
			Minus impact		Plus impact	
			Profit \$	Equity \$	Profit \$	Equity \$
2012	\$	%				
Available-for-sale investments:						
Australian equities	836,105	10	n/a	(114,437)	n/a	114,437
Managed investment schemes	2,019,093	5 – 10	n/a	(202,557)	n/a	202,557
	2,855,198		n/a	(316,994)	n/a	316,994

(h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The main source of credit risk in relation to financial instruments is from outstanding accounts receivables and investments with banks and managed investment schemes.

Executive management and where applicable the DDC reviews significant new clients before the take on of these clients is approved. The review process includes establishing the credit worthiness of the client. Other new clients are reviewed by business managers for credit worthiness as is appropriate to the size and nature of the client. The IMC reviews and monitors the investments with banks and managed investment schemes including any credit risk issues.

Accounts receivable consists of a large number of customers. Ongoing evaluation is performed on the financial condition of outstanding accounts receivables by the applicable business managers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the Group holds its liquid funds with counterparties that are banks with high credit-ratings assigned by international credit-rating agencies and in managed investment schemes which have a low risk of default.

As outlined in note 36, included in the investment portfolio of the Company and Group are investments in managed investment schemes where the Company acts as responsible entity. Although the Company has a prima facie credit exposure from these investments, this risk is not significant due to the existence of suitable controls including monitoring by the IMC of the quality and security of these investments.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's and Group's maximum exposure to credit risk without taking account of any collateral obtained.

(i) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (Financial assets valued using quoted prices are Australian equities. Managed investment schemes are valued using daily published unit prices);
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Group's investment portfolio, classified as available-for-sale financial assets (refer note 3.17) is measured at fair value. Fair value is determined with reference to quoted market prices including transaction costs.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobserved inputs).

39. Financial instruments (cont.)

Consolidated		30 June 2013		
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Available-for-sale investments:				
Australian equities	201,096	-	-	201,096
Managed investment schemes	5,249,787	-	-	5,249,787
	5,450,883	-	-	5,450,883

Consolidated		30 June 2012		
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Available-for-sale investments:				
Australian equities	836,105	-	-	836,105
Managed investment schemes	1,933,429	85,664	-	2,019,093
	2,769,534	85,664	-	2,855,198

Company		30 June 2013		
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Available-for-sale investments:				
Australian equities	201,096	-	-	201,096
Managed investment schemes	5,249,787	-	-	5,249,787
	5,450,883	-	-	5,450,883

Company		30 June 2012		
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Available-for-sale investments:				
Australian equities	836,105	-	-	836,105
Managed investment schemes	1,933,429	85,664	-	2,019,093
	2,769,534	85,664	-	2,855,198

(j) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have put in place a suitable risk management framework to manage the Group's and Company's short, medium and long-term funding and liquidity management requirements.

The Group and Company manage liquidity risk by maintaining adequate reserves and banking facilities. The liquidity position of the Group and Company are continuously monitored by executive management and the impact on liquidity of any significant transaction, such as payment of a dividend, acquisition of a new business, and purchase of capital assets is considered prior to the transaction being approved.

Neither the Group nor the Company has any derivative financial instruments.

Liquidity and interest risk table

The following table details the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company/Group can be required to pay. None of the amounts in the table are interest bearing.

	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5+ years \$
Consolidated						
2013						
Non-interest bearing – trade creditors	0	303,275	-	-	-	-
Financial guarantee contracts	0	-	-	-	-	-
		303,275	-	-	-	-
2012						
Non-interest bearing – trade creditors	0	116,981	-	-	-	-
Financial guarantee contracts	0	-	-	-	-	-
		116,981	-	-	-	-
Company						
2013						
Non-interest bearing – trade creditors	0	269,178	-	-	-	-
Financial guarantee contracts	0	-	-	-	-	-
		269,178	-	-	-	-
2012						
Non-interest bearing – trade creditors	0	108,403	-	-	-	-
Financial guarantee contracts	0	-	-	-	-	-
		108,403	-	-	-	-

At the year end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil (2012: nil). The maximum amount payable under these guarantees is \$783,188 (2012: \$748,404).

Independent Auditor's Report

to the Members of Equity Trustees Limited



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

Report on the Financial Report

We have audited the accompanying financial report of Equity Trustees Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end as set out on pages 24 to 73.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Equity Trustees Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Equity Trustees Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Equity Trustees Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.


DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants
Melbourne, 29 August 2013

Statement of Shareholdings

The Company's shares are listed on the Australian Securities Exchange.

The issued capital of the Company as at 31 August 2013 comprising 9,050,106 fully paid ordinary shares is held by 1,629 shareholders as follows:

Size of holding	Holders of ordinary shares
1 – 1,000*	794
1,001 – 5,000	611
5,001 – 10,000	118
10,001 – 100,000	96
100,001 and over	10
	1,629

* Number of shareholders holding less than a marketable parcel (\$500) based on the market price of \$15.20 as at 31 August 2013 was 48.

Twenty largest shareholders as at 31 August 2013	No. of shares	%
1. The Trust Company Limited	1,193,942	13.19
2. Australian Foundation Investment Company Limited	808,619	8.93
3. Mirrabooka Investments Limited	395,645	4.37
4. Superdeck Pty Ltd (D K C & E Groves S/Fund A/C)	281,826	3.11
5. National Nominees Limited	259,787	2.87
6. Milton Corporation Limited	235,503	2.60
7. Equity Nominees Limited	225,039	2.49
8. AMCIL Limited	224,603	2.48
9. DB Management Pty Ltd (D B Superannuation Fund A/C)	171,300	1.89
10. HSBC Custody Nominees (Australia) Limited	169,433	1.87
11. Mr Leonard Clive Keyte	92,978	1.03
12. DB Management Pty Ltd (D&B Family A/C)	86,938	0.96
13. Netwealth Investments Limited (Wrap Services A/C)	78,874	0.87
14. Mr James Gordon Maxwell Moffatt	76,642	0.85
15. Medical Research Foundation for Women and Babies	73,606	0.81
16. Netwealth Investments Limited (Super Services A/C)	70,272	0.78
17. Mr Vernon Thomas Hauser	70,000	0.77
18. Djerriwarrh Investments Limited	67,490	0.75
19. Mr Geoffrey Heeley & Mrs Dorothy Heeley (Heeley Personal S/F A/C)	52,395	0.58
20. Kirami Investments Pty Limited	49,801	0.55

Substantial shareholders

At 31 August 2013, substantial shareholder notices had been received from the following shareholders:

	Shares held
Trust Company (Australia) Limited	1,161,567
Australian Foundation Investment Company Limited	789,267
DB Management Pty Ltd and associates	493,560







Equity Trustees Limited

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