EQUITY Trustees
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EQT RELEASE

24 February 2011

Equity Trustees Half Year Result - Interim Dividend Maintained, Acquisition Completed, and Building for Future

Equity Trustees Limited (EQT) today confirmed a lift in half year revenue of 10.5% and a 3.6% increase in operating profit after tax for the six months ending 31 December 2010 compared with the prior corresponding period.

	6 months to 31 Dec 10 $m	6 months to 31 Dec 09 $m	Variance
Operating Revenue	18.7	16.9	10.5%
Operating Expenses	(13.7)	(12.0)	13.3%
Operating profit before tax	**5.0**	**4.9**	**3.3%**
Income Tax Expense	(1.5)	(1.5)	
Operating profit after tax	**3.5**	**3.4**	**3.6%**
Non-operating items (net of tax)	0.2	0.3	
Net profit after tax	**3.7**	**3.7**	
Earnings Per Share (cents)	**43.85**	**44.23**	**(0.9%)**

The Board has declared an interim, fully franked dividend of 50 cents per share – maintaining the same level as the prior corresponding period.

EQT chairman Mr Tony Killen said, “The first half has seen some improvements in investment markets, resulting in a lift in revenues and adding to the company’s bottom line. It is pleasing that all business units have seen revenue gains, and particularly so in some of our more ‘traditional’ trustee services, but market conditions are still significantly affecting new business flows and our margin mix. We have also implemented a number of long term business strategies,” he said.

During the half year EQT completed the acquisition of the OSL Super Fund – a fund with approximately 27,000 members and $265mil in funds under management.

Mr Robin Burns, EQT Managing Director, confirmed that the acquisition was fully funded from internal resources and was earnings accretive from the acquisition date of 1 November 2010.

“We expect that the OSL fund will be transitioned into our existing superannuation platform before year end, at which time we expect to see the full flow of synergy benefits begin to emerge.”

“Our operating margin remains solid, especially given the continuing challenging business conditions faced in some of our revenue lines and one-off acquisition expenses. The 13.3% increase in operating expenses, apart from the one-off costs referred to above and the direct operating costs of the OSL business for 2 months, arises mainly from the Group’s re-instatement of normal remuneration reviews in 2010, the costs associated with completing the transition to a new core IT system and the investment in new sales focused roles.”

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Mr Burns also said that a number of changes to the business structure were in the process of being implemented. These are intended to facilitate greater focus on core service delivery, primarily in corporate relationships, and improve co-ordination and communication within support activities. In addition a more centralised approach to legal, risk management and compliance responsibilities across the different business units is being adopted.

"One example of this strategy is to strengthen areas where we can provide additional services to other financial services organisations, or where we expect demand for such services to increase."

"In early February, we therefore strengthened and renamed our funds distribution and corporate trustee services business to capitalise on our long standing reputation and expertise in fiduciary services."

Mr Killen added, "Assuming continuing favourable investment markets, the full integration of the super fund acquisition, and efficiencies arising from the structural changes, results for the second half of the financial year should be ahead of the first half."

For further information, please contact:

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Equity Trustees Limited

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EQT RELEASE

Appendix 4D – Half-Year Report

Name of entity

Equity Trustees Limited

ABN or equivalent company reference

46 004 031 298

Half Year Ended

31 December 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 Dec 10 $ '000		31 Dec 09 $ '000	
Revenue from ordinary activities	18,949	Up 9.5%	From	17,303
Operating profit after tax	3,509	Up 3.6%	From	3,387
Profit on sale of investments net of tax	192			280
Profit from ordinary activities after tax attributable to members	3,701	Up 1%	From	3,667
Net profit for the period attributable to members	3,701	Up 1%	From	3,667

Dividends	Amount per Security	Franked amount per Security
Interim Dividend	50 cents per share	100%
The directors have declared a fully franked interim dividend of 50 cents per share. The directors have also declared that the dividend reinvestment plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average price of EQT traded shares on 5 days after record date. A discount of 2.5% will be applied.		
Record date for determining entitlements to the dividend. This is also the last date for the receipt of an election notice for participation in the DRP.	17 March 2011	
Payment date for dividend	15 April 2011	

ASX ADDITIONAL INFORMATION

Additional information required by the ASX, and not shown elsewhere in this report, follows. The information is current as at 31 December 2010.

Net tangible asset backing per share

The net tangible asset backing per share at 31 December 2010 was $1.37 (2009: $2.62), which is based on shares on issue of 8,493,535 (2009: 8,341,096).

Control gained or lost over entities during the period

The following entities were acquired during the period (no entities were acquired during the prior corresponding period):

- Equity Superannuation Administration Pty Ltd (formerly OAMPS Superannuation Management Pty Ltd)
- OAMPS Superannuation Ltd

Control of these entities was gained on 1 November 2010.

Contribution to consolidated profit / (loss) from ordinary activities and extraordinary items since the date on which control was acquired is not material to the understanding of the financial report.

There were no entities where control was lost during the period that had a material impact on the results (Dec 2009 nil).

Audit

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

Commentary

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

Equity Trustees Limited

ABN 46 004 031 298

Consolidated Half-Year Financial Report

for the half-year ended

31 December 2010

Equity Trustees Limited
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Equity Trustees Limited
ABN 46 004 031 298

Directors' Report

The directors of Equity Trustees Limited submit herewith the financial report for Equity Trustees Limited and its subsidiaries (the Group) for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

J A (Tony) Killen, OAM Chairman
Robin B O Burns, Managing Director
David F Groves, Deputy Chairman
John R McConnell
Alice J M Williams
The Hon Jeffrey G Kennett AC
Anne M O'Donnell (appointed 8 September 2010)
Barry J Jackson (resigned 29 October 2010)

Review of Operations

The directors of Equity Trustees Limited report a net profit after-tax for the half-year ended 31 December 2010 of $3,701,346 which is a 1% increase on the net profit after-tax of $3,666,994 for the prior corresponding period. The increased profitability has occurred due to new and organic business growth, including the acquisition of the superannuation fund business from the OAMPS Group, although there was a one-off offset due to acquisition costs of $222,393 being expensed during the period. A small lift to profitability was provided by equity markets being higher at the start of the first half of this financial year as compared to the corresponding prior period. Since August equity market levels have been broadly in line with the corresponding prior period.

The result for the period includes an after-tax profit on sale of investments of $192,009 (2009: $279,774). This profit arises from the rebalancing of the long-term investment portfolio.

The earnings per share (undiluted) for the six month period was 43.85 cents per share (2009: 44.23 cents), representing a 1% decrease in comparison to the corresponding prior period. This is based on the weighted average shares on issue during the period of 8,441,523 (2009: 8,291,132).

During the half-year, the Equity Trustees Group acquired two companies, Equity Superannuation Administration Pty Ltd (formerly OAMPS Superannuation Management Pty Ltd) (ESA) and OAMPS Superannuation Ltd (OSL). Information regarding these acquisitions is contained in note 3 to the accounts. ESA and OSL provide administrative and trustee services respectively for the OAMPS superannuation fund. This fund has approximately 27,000 members and funds under management of approximately $265 mil.

Net cashflow provided by operating activities is $3,212,679 for the half-year ended 31 December 2010, this represents an increase of $336,455 compared to the corresponding prior period figure of $2,876,224.

At 31 December 2010 the investment revaluation reserve contained a net of tax unrealised gain of $1,610,585 (June 2010: $1,270,071).

Net assets are $54,321,360 an increase of $385,121 on the position at 30 June 2010 of $53,936,239. The Company's $5 million net tangible asset licence requirement has been adequately met through out the first half of the year.

Directors' Report (cont'd)

Dividends

During the half-year period the company paid a fully franked final dividend of 60 cents per share in respect of the financial year ended 30 June 2010.

Subsequent to 31 December 2010, the directors have declared a fully franked interim dividend of 50 cents per share in respect of the financial year ending 30 June 2011.

Auditor's Independence Declaration

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

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

On behalf of the directors

Mr Robin B O Burns
Managing Director
Melbourne, 24 February 2011

Deloitte.

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24 February 2011

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 review of the financial statements of Equity Trustees Limited for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants

Directors' Declaration

The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

Mr Robin B O Burns
Managing Director
Melbourne, 24 February 2011

Equity Trustees Limited
Condensed Consolidated Income Statement
for the half-year ended 31 December 2010

	Note	Consolidated Half-year ended 31-Dec-10 $	Consolidated Half-year ended 31-Dec-09 $
Continuing operations			
Revenue		18,234,415	16,455,114
Other revenue		715,052	848,739
Total revenue		18,949,467	17,303,853
Employee benefits expenses		9,070,881	8,036,387
Other employment and consulting expenses		690,944	568,673
Audit and tax advice expenses		232,645	200,056
Depreciation and amortisation expenses		381,915	523,660
Management rights amortisation		98,636	98,636
Insurance expenses		255,784	230,935
Financial, legal and regulatory expenses		294,346	74,464
Marketing expenses		478,530	424,427
Information technology expenses		679,164	677,903
Occupancy expenses		704,179	656,518
Other expenses		777,615	566,036
Total expenses		13,664,639	12,057,695
Net profit before income tax expense		5,284,828	5,246,158
Income tax expense		(1,583,482)	(1,579,164)
Net profit after income tax expense from continuing operations		3,701,346	3,666,994
Net profit after income tax expense attributable to owners of parent entity		3,701,346	3,666,994
Earnings per share			
- Basic (cents per share)		43.85	44.23
- Diluted (cents per share)		43.44	43.97

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

Equity Trustees Limited
Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2010

		Consolidated	
		Half-year ended	Half-year ended
		31-Dec-10	31-Dec-09
	Note	$	$
Net profit after income tax expense from continuing operations		3,701,346	3,666,994
Other comprehensive income			
Realised (gain)/loss on sale of available-for-sale investments		(272,864)	(396,385)
Increase/(decrease) from revaluation of available-for-sale investments		760,749	1,176,778
Income tax relating to components of other comprehensive income		(147,371)	(234,597)
Total comprehensive income for the period		4,041,860	4,212,790
Total comprehensive income attributable to owners of the parent entity		4,041,860	4,212,790

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

Equity Trustees Limited
Condensed Consolidated Statement of Financial Position
as at 31 December 2010

	Note	Consolidated 31-Dec-10 $	Consolidated 30-Jun-10 $
Current assets			
Cash and cash equivalents		3,025,489	4,975,762
Trade and other receivables		4,467,883	3,788,522
Other current financial assets		187,278	4,932,618
Other		2,559,275	1,845,944
Total current assets		10,239,925	15,542,846
Non-current assets			
Trade and other receivables		132,167	132,167
Other financial assets		6,231,356	10,118,786
Property, plant and equipment		1,025,810	1,091,274
Intangible assets		32,928,115	22,305,570
Deferred tax assets		1,449,592	1,221,239
Goodwill		8,272,592	8,230,331
Total non-current assets		50,039,632	43,099,367
Total assets		60,279,557	58,642,213
Current liabilities			
Trade and other payables		663,589	518,497
Provisions		1,754,228	1,553,753
Other current liabilities		200,367	37,914
Current tax payable		1,126,647	857,736
Total current liabilities		3,744,831	2,967,900
Non-current liabilities			
Provisions		1,188,298	1,126,982
Other non-current liabilities		357,757	91,152
Deferred tax liabilities - investment revaluation		667,311	519,940
Total non-current liabilities		2,213,366	1,738,074
Total liabilities		5,958,197	4,705,974
Net assets		54,321,360	53,936,239
Equity			
Issued capital	6	42,353,907	40,955,514
Investment revaluation reserve		1,610,585	1,270,071
Other reserves		562,829	573,593
Retained earnings		9,794,039	11,137,061
Equity attributable to equity holders of the parent		54,321,360	53,936,239
Total equity		54,321,360	53,936,239

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

Equity Trustees Limited
Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2010

			Reserves			
	Fully paid ordinary shares	Investment revaluation	Capital profit & General	Equity settled benefits	Retained earnings	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2009	38,198,748	1,553,509	1,754,201	927,538	10,475,374	52,909,370
Profit for the period	-	-	-	-	3,666,994	3,666,994
Increase from revaluation of available for sale investments	-	1,176,778	-	-	-	1,176,778
Related income tax	-	(351,208)	-	-	-	(351,208)
Gain on sale of available for sale investments	-	(396,385)	-	-	-	(396,385)
Related income tax	-	116,611	-	-	-	116,611
Total comprehensive income for the period	-	545,796	-	-	3,666,994	4,212,790
Shares issued under executive share plan	505,915	-	-	-	-	505,915
Shares issued under employee share acquisition plan	151,847	-	-	-	-	151,847
Shares issued under dividend reinvestment plan	1,130,043	-	-	-	-	1,130,043
Share issue costs	(8,729)	-	-	-	-	(8,729)
Related income tax	2,619	-	-	-	-	2,619
Release of executive share entitlement provision	-	-	-	(499,884)	-	(499,884)
Provision for executive share entitlements	-	-	-	98,159	-	98,159
Provision for employee share acquisition plan	-	-	-	75,000	-	75,000
Release of employee share acquisition plan provision	-	-	-	(150,000)	-	(150,000)
Payment of dividends	-	-	-	-	(4,966,906)	(4,966,906)
Transfer of reserves to retained earnings	-	-	(1,754,201)	-	1,754,201	-
Balance at 31 December 2009	39,980,443	2,099,305	-	450,813	10,929,663	53,460,224
Balance at 1 July 2010	40,955,514	1,270,071	-	573,593	11,137,061	53,936,239
Profit for the period	-	-	-	-	3,701,346	3,701,346
Increase from revaluation of available for sale investments	-	760,749	-	-	-	760,749
Related income tax	-	(228,226)	-	-	-	(228,226)
Gain on sale of available for sale investments	-	(272,864)	-	-	-	(272,864)
Related income tax	-	80,855	-	-	-	80,855
Total comprehensive income for the period	-	340,514	-	-	3,701,346	4,041,860
Shares issued under executive share plan	-	-	-	-	-	-
Shares issued under employee share acquisition plan	136,896	-	-	-	-	136,896
Shares issued under dividend reinvestment plan	1,266,224	-	-	-	-	1,266,224
Share issue costs	(6,752)	-	-	-	-	(6,752)
Related income tax	2,025	-	-	-	-	2,025
Release of executive share entitlement provision	-	-	-	(76,437)	-	(76,437)
Provision for executive share entitlements	-	-	-	208,673	-	208,673
Provision for employee share acquisition plan	-	-	-	-	-	-
Release of employee share acquisition plan provision	-	-	-	(143,000)	-	(143,000)
Payment of dividends	-	-	-	-	(5,044,368)	(5,044,368)
Balance at 31 December 2010	42,353,907	1,610,585	-	562,829	9,794,039	54,321,360

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

Equity Trustees Limited
Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2010

	Notes	Consolidated Half-year ended 31-Dec-10 $	Half-year ended 31-Dec-09 $
Cash flows from operating activities			
Receipts from customers		19,411,028	18,665,608
Payments to suppliers and employees		(14,689,394)	(14,313,125)
Income tax paid		(1,508,955)	(1,476,259)
Net cash provided by operating activities		3,212,679	2,876,224
Cash flows from investing activities			
Payment for investment securities		-	(3,854,343)
Proceeds on sale of investment securities		4,647,630	979,493
Interest received		401,569	248,056
Dividends received		136,652	119,546
Payment for property, plant and equipment		(49,721)	(138,124)
Payment for intangible assets		(642,875)	(889,723)
Payment for businesses		(10,616,206)	-
Net cash (used in) / provided by investing activities		(6,122,951)	(3,535,095)
Cash flows from financing activities			
Payment for share issue costs		(6,752)	(8,729)
Dividend paid to members of the parent entity (net of shares issued under the dividend reinvestment plan)		(3,778,589)	(3,835,818)
Net cash (used in) / provided by financing activities		(3,785,341)	(3,844,547)
Net (decrease) / increase in cash and cash equivalents		(6,695,613)	(4,503,418)
Cash and cash equivalents at the beginning of the half-year		9,908,380	13,278,227
Cash and cash equivalents at the end of the half-year		3,212,767	8,774,809
Reconciliation of cash			
Cash		3,025,489	2,817,939
Short term deposits - other current financial assets		187,278	5,956,870
		3,212,767	8,774,809

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

1. Summary of accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2010, except for the impact of the Australian Accounting Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no affect on the amounts reported for the current or prior periods. AASB 107 Statement of Cash Flows has been amended through AASB 2009-5 Further Amendments to Australian Accounting standards arising from the Annual Improvements Project to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statements of cash flows.

The Amendment will result in cash flows in respect of development costs that do not meet the criteria in AASB 138 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) being classified as operating activities in the statement of cash flows. The Group has not had any development costs that do not meet the criteria in AASB 138 Intangible Assets for capitalisation in the current or prior years and therefore this amendment has had no impact on the presentation or disclosures in the financial statements.

	Half-year ended 31-Dec-10 Cents per share	Half-year ended 31-Dec-10 $	Half-year ended 31-Dec-09 Cents per share	Half-year ended 31-Dec-09 $
2. Dividends				
Recognised amounts				
Fully paid ordinary shares				
Final dividend	60.00	5,044,368	60.00	4,966,906
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend	50.00	4,246,920	50.00	4,170,548

3. Acquisition of businesses

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

These companies act as administrator and trustee respectively for a superannuation master fund. The objective is to add the new master fund with the existing master fund business to achieve scale, improvements and efficiencies in the Group's master fund superannuation business.

Consideration	$
Cash	10,782,509

Acquisition-related costs amounting to $222,393 have been excluded from the consideration transferred and have been recognised as an expense in the period in the income statement.

Assets acquired and liabilities assumed at the date of acquisition	
Current assets	$
Cash and cash equivalents	166,303
Trade and other receivables	211,784
Other current assets	25,680
Non-current assets	
Property, plant and equipment	129,961
Intangible assets	10,250,000
Deferred tax assets	31,945
Current liabilities	
Trade and other payables	(33,199)
Employee entitlements	(42,226)
	10,740,248

Trade receivables acquired with a fair value of $211,784 had gross contractual amounts of $211,784. The best estimate at acquisition date of the contractual cashflows not expected to be collected is nil.

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

Goodwill arising on acquisition	$
Consideration	10,782,509
Less fair value of identifiable net assets acquired	(10,740,248)
Goodwill arising on acquisition	42,261

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

3. Acquisition of businesses (cont'd)

Net cash outflow arising on acquisition

	$
Consideration paid in cash	10,782,509
less cash and cash equivalent balances acquired	(166,303)
	10,616,206

Impact of acquisition on the results of the Group

The amount included in the profit for the interim period is not material to the results. The revenue for the period includes $637,533 in respect of the ESA companies.

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

4. Goodwill

	Half-year ended	
	31-Dec-10	31-Dec-09
Gross carrying amount	$	$
Balance at beginning of the interim period	8,230,331	8,230,331
Additional amounts recognised from business combinations occurring during the period (i), (note 3)	42,261	-
Balance at end of the interim period	8,272,592	8,230,331
Accumulated impairment losses		
Balance at beginning of the interim period	-	-
Balance at end of the interim period	-	-
Net book value		
At the beginning of the interim period	8,230,331	8,230,331
At the end of the interim period	8,272,592	8,230,331

(i) Other than goodwill included in a disposal group that on acquisition met the criteria for classification as held for sale. No such acquisitions were made during the period (2009: nil)

4. Subsequent events

There have been no material subsequent events (2009: Nil).

5. Contingent liabilities and contingent assets

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

There are no contingent assets (2009: nil).

6. Issuances of equity securities

	Half-year ended 31-Dec-10		Half-year ended 31-Dec-09	
Fully paid ordinary shares	No. of shares	$	No. of shares	$
Opening balance 1 July	8,398,724	40,955,514	8,235,771	38,198,748
Issue of shares under employee share plan, net of share issue costs	8,556	135,260	8,030	151,099
Issue of shares under executive share plan - net of share issue costs	-	-	34,375	502,709
Issue of shares under dividend reinvestment plan - final dividend, net of share issue costs	86,255	1,261,108	62,920	1,125,268
Income tax expense recognised directly in equity	-	2,025	-	2,619
Closing balance 31 December	8,493,535	42,353,907	8,341,096	39,980,443

7. Segment information

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

Information reported to the Group's 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 Wealth Services and Investment Fund services. The Group's reportable segments under AASB 8 are as follows:

Wealth Services

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

Investment Funds

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

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

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. There were no discontinued operations (2009: nil).

	Half-year ended	
	31-Dec-10	31-Dec-09
	$	$
Segment revenue		
Wealth Services	10,788,944	9,509,646
Investment Funds	7,475,273	6,945,468
	18,264,217	16,455,114
Investment revenue	685,250	848,739
Total revenue per income statement	18,949,467	17,303,853

The revenue reported above represents revenue generated from external customers. There were no inter-segment revenues (2009: nil).

Segment net profit before tax		
Wealth Services	3,655,658	3,719,949
Investment Funds	3,898,646	3,938,567
	7,554,304	7,658,516
Other unallocated expenditure	(2,954,726)	(3,261,097)
Investment revenue	685,250	848,739
Total net profit before tax per statement of income	5,284,828	5,246,158

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

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

	31-Dec-10	30-Jun-10
	$	$
Segment assets		
Wealth Services	39,302,979	27,130,273
Investment Funds	6,136,584	6,184,876
Unallocated	14,839,994	25,327,064
Total assets per the statement of financial position	60,279,557	58,642,213

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

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

We have reviewed the accompanying half-year financial report of Equity Trustees Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed income statement, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Equity Trustees Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean

G J McLean
Partner
Chartered Accountants
24 February 2011

Equity Trustees Limited
Half Year Results to
31 December 2010

Overview

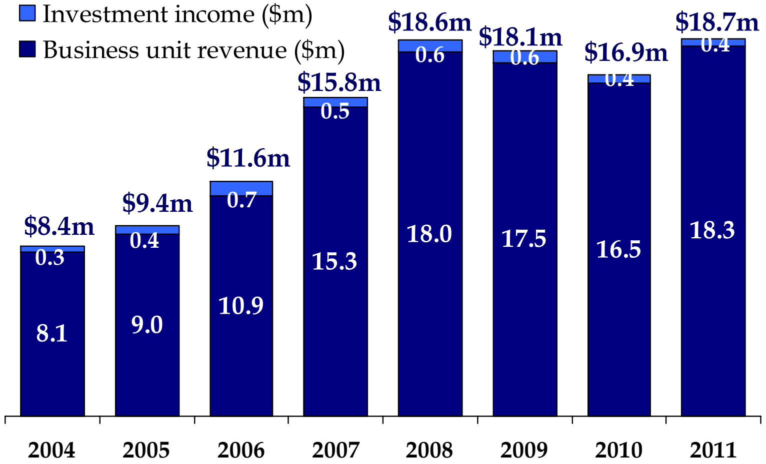
- H1 results show positive movement emerging post GFC.
- Equity markets are still a major factor in turnaround.
- OSL acquisition highly complementary, adds scale, EPS+ve immediately.
- Revenue growth 10.5% vs. PCP.
- Expenses include one-off acquisition costs, 2010 remuneration review after 2 years of nil review and minimal incentives, additional business development strength.
- Margin remains solid, at 26.8%
- EPS flat – increase in issued shares.
- Interim dividend – 50 cent fully franked - maintained at prior year level.
- Balance sheet solid – no debt, strong cash flows.
- Organisation partially restructured – focus on services, risk management, group efficiency.
- Continuing to assess acquisition opportunities.

Overview – group results

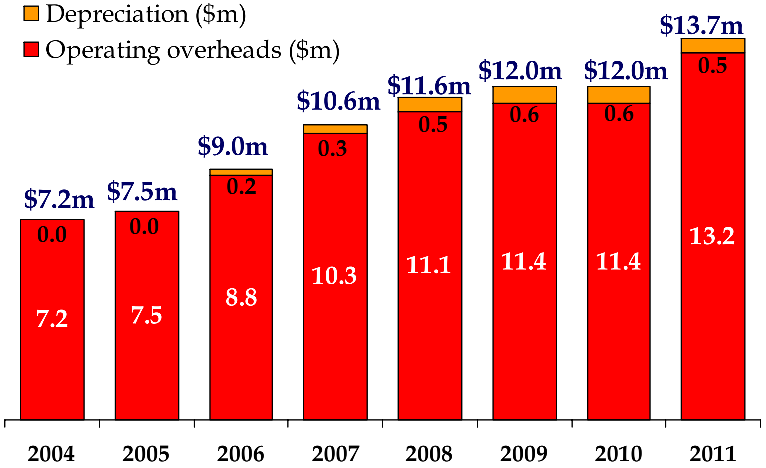
	Half Year 31 Dec 2010 $m	Half Year 31 Dec 2009 $m	Change
Operating revenue	18.7	16.9	10.5%
Operating expenses	(13.7)	(12.0)	13.3%
Operating profit before tax	5.0	4.9	3.3%
Income tax expense	1.5	1.5	
Operating profit after tax	3.5	3.4	3.6%
Net profit from sale of investments (net of tax)	0.2	0.3	
Net profit after-tax	3.7	3.7	
Earnings per share (cents)	43.85¢	44.23¢	(0.9%)
Dividend per share (half year, fully franked)	50¢	50¢	Maintained

Operating results

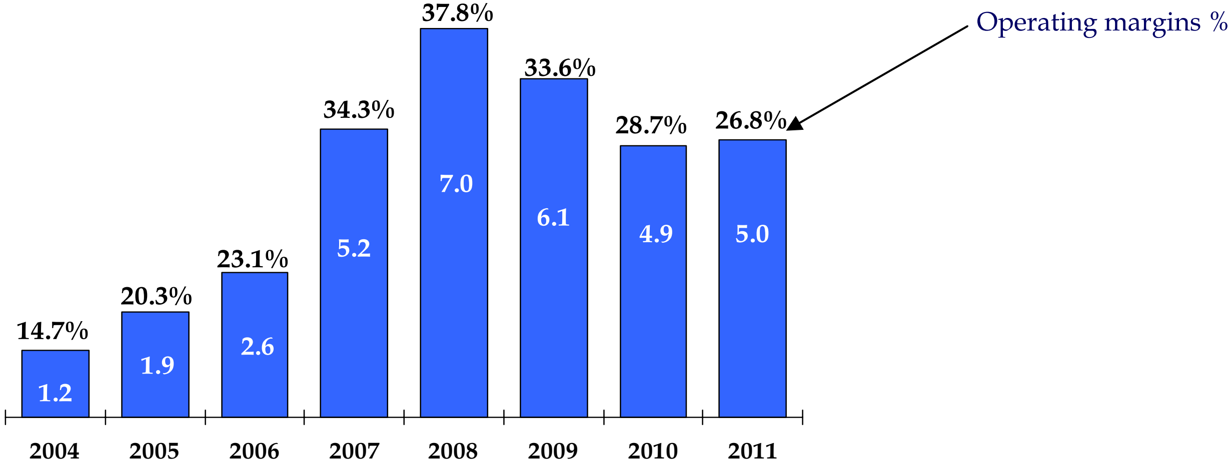
Operating revenue up **10.5%** to **$18.7m**



Operating expenses increase **13.3%** to **$13.7m**

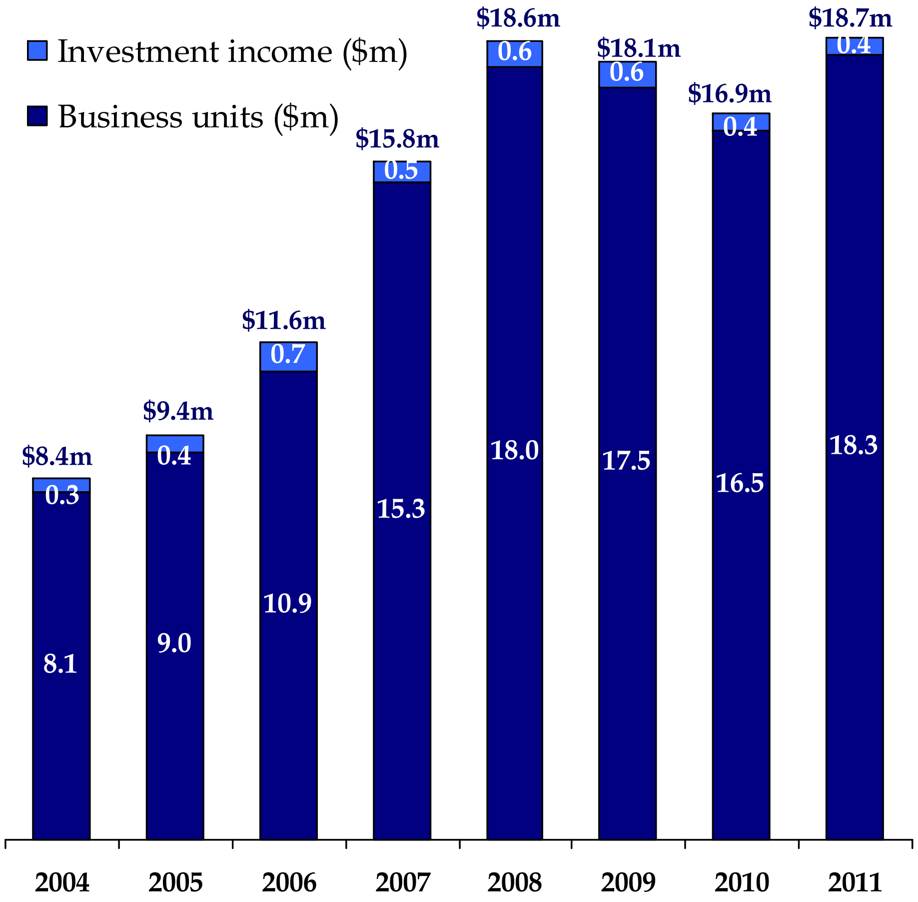


Operating profit (pre-tax) up **3.3%** to **$5m**

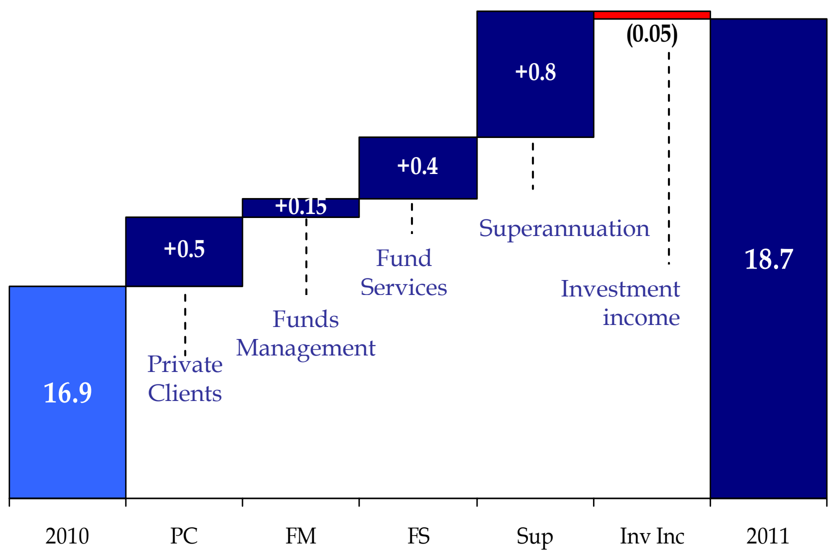


Operating revenue - composition

Group operating revenue up 10.5% to **$18.7m**

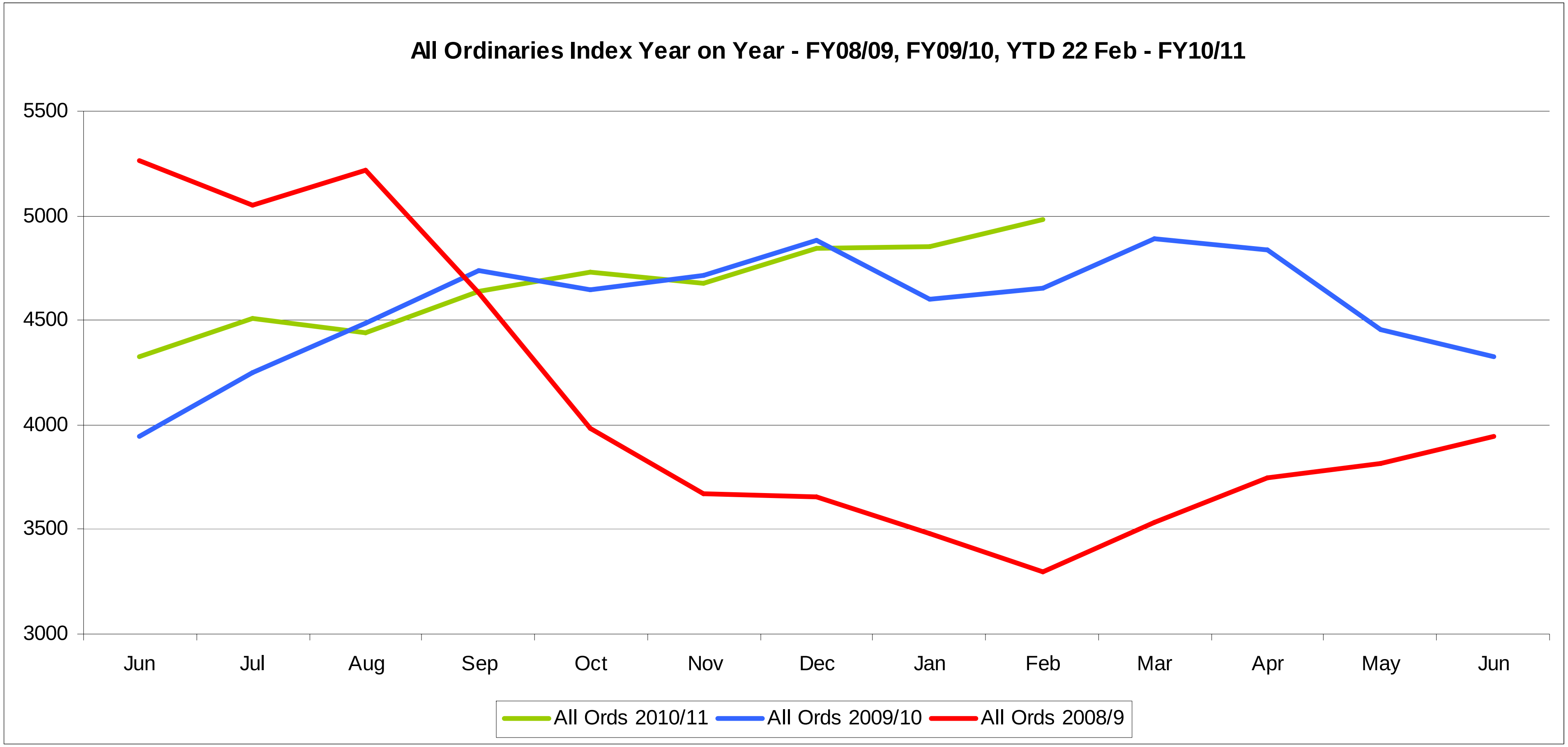


Change – 2011 vs 2010 ($m)



All Ordinaries Index Year on Year Comparison

EQUITY Trustees



Expense analysis

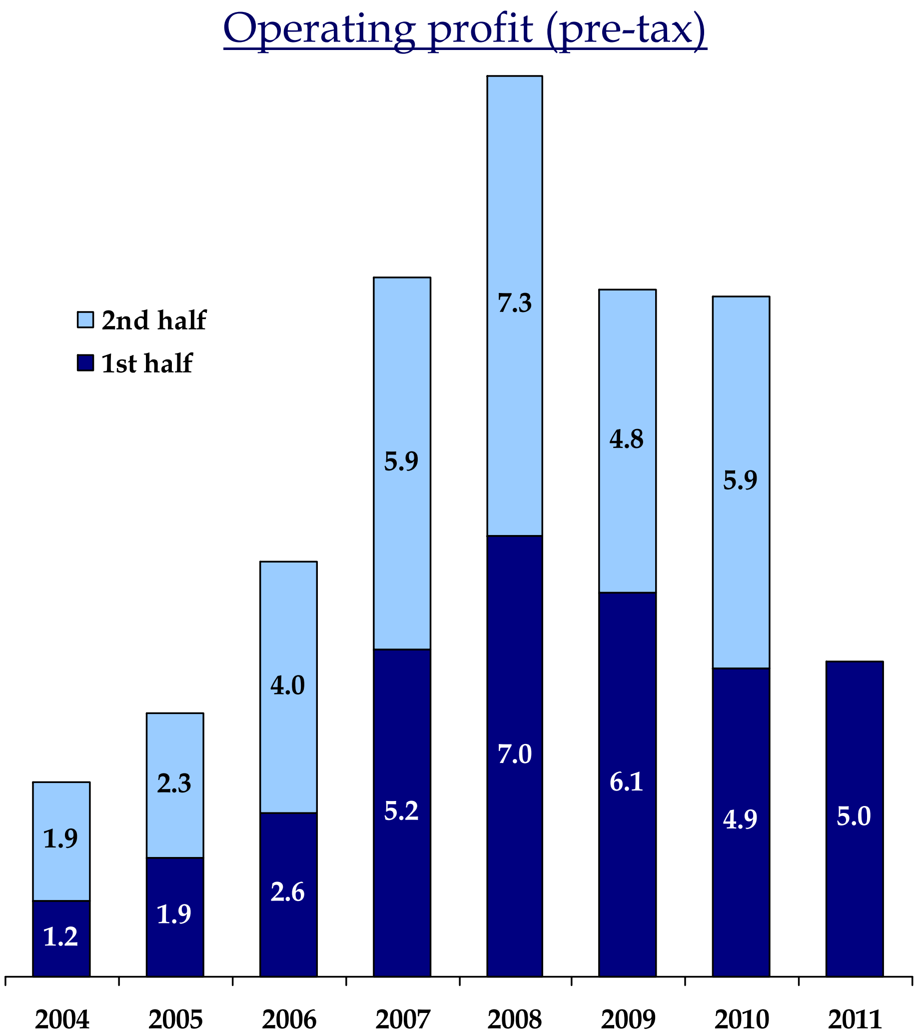
Expenses increased $1.6m (13.3%) compared to pcp:

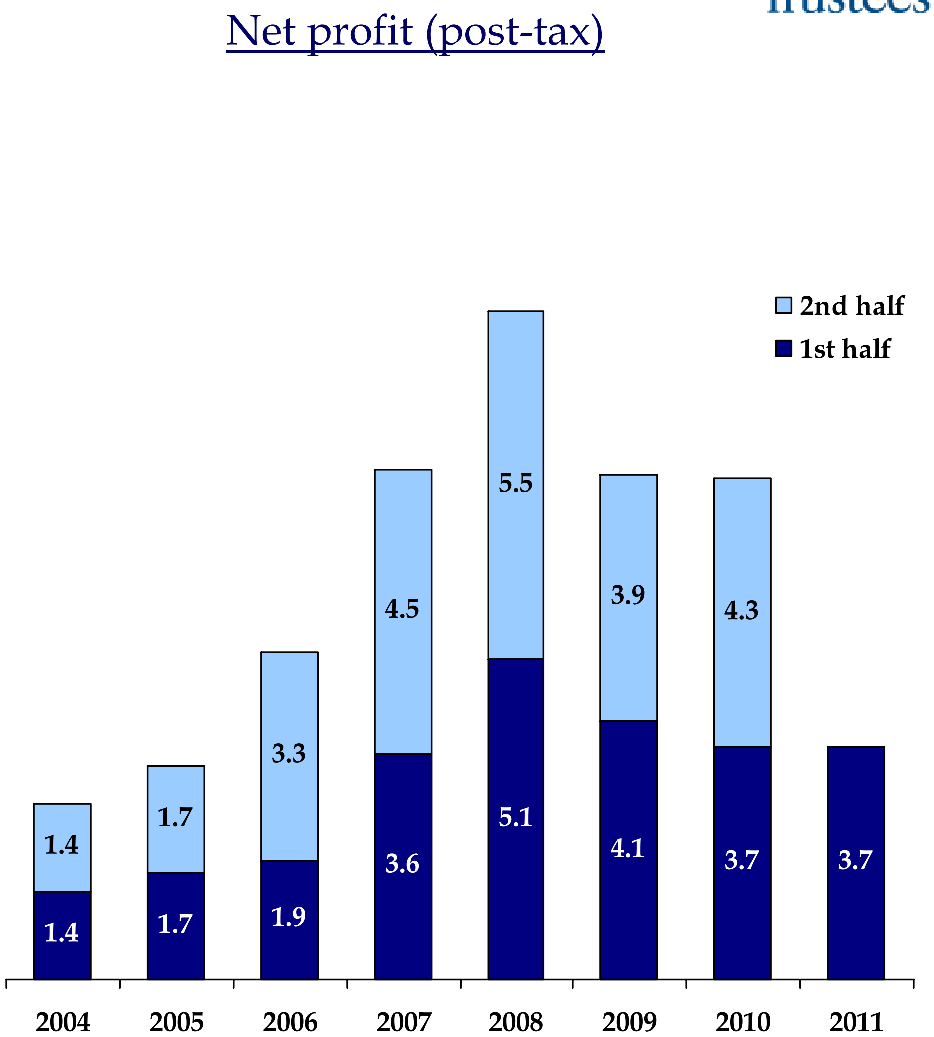
- Salaries up due to catch up pay increases (nil increase in 2009) and extra sales focused roles.
- Additional temporary staff to support projects.
- Acquisition costs for OSL.
- OSL operating costs – 2 months.

Partially offset by:

- Depreciation down - transition from old to new core software systems and timing of IT hardware refreshment.

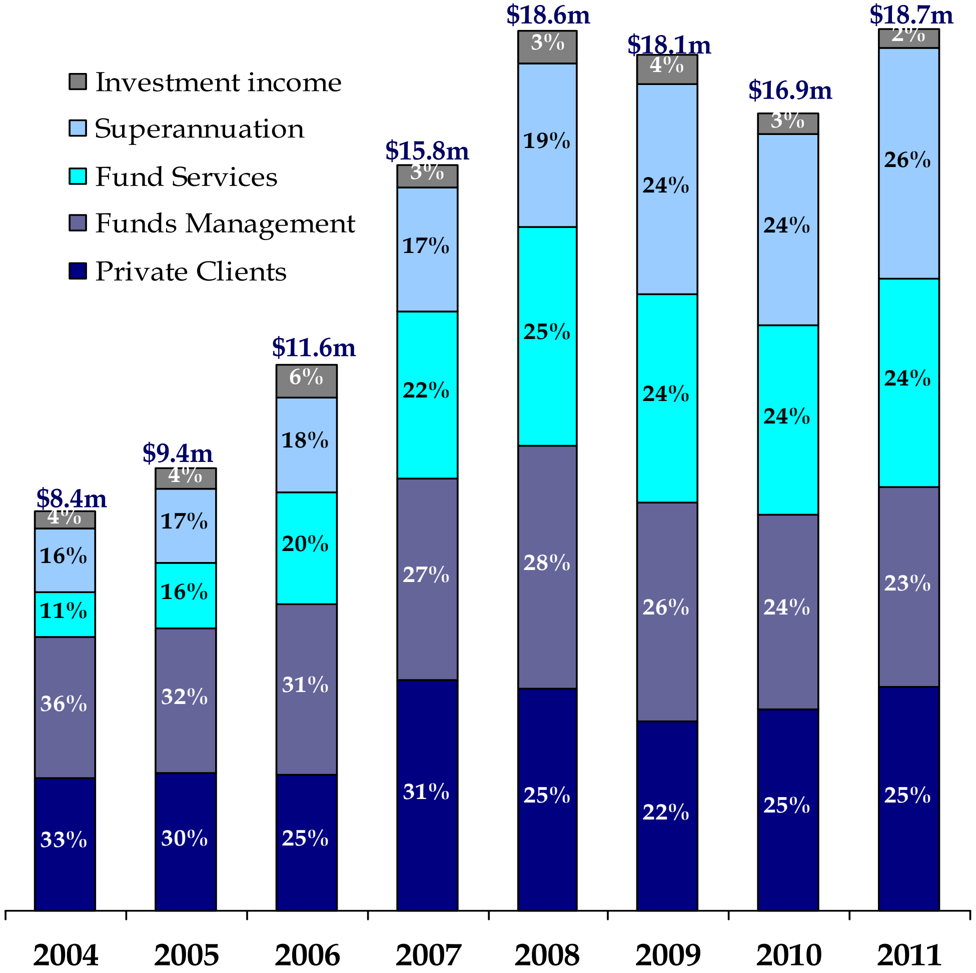
Profitability



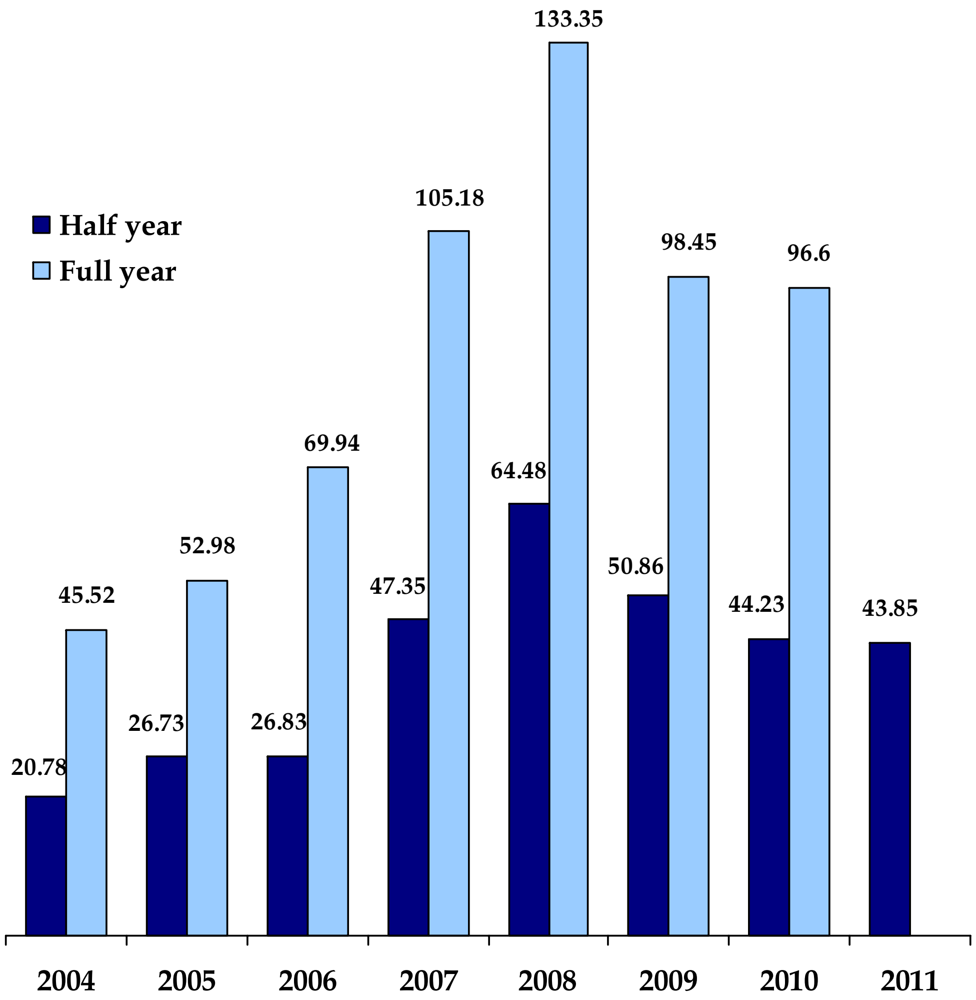


Operating revenue - composition

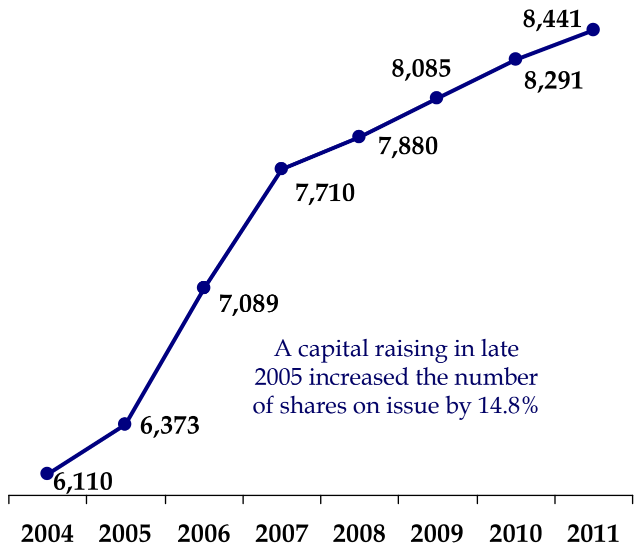
➢ An even spread of revenue across business units



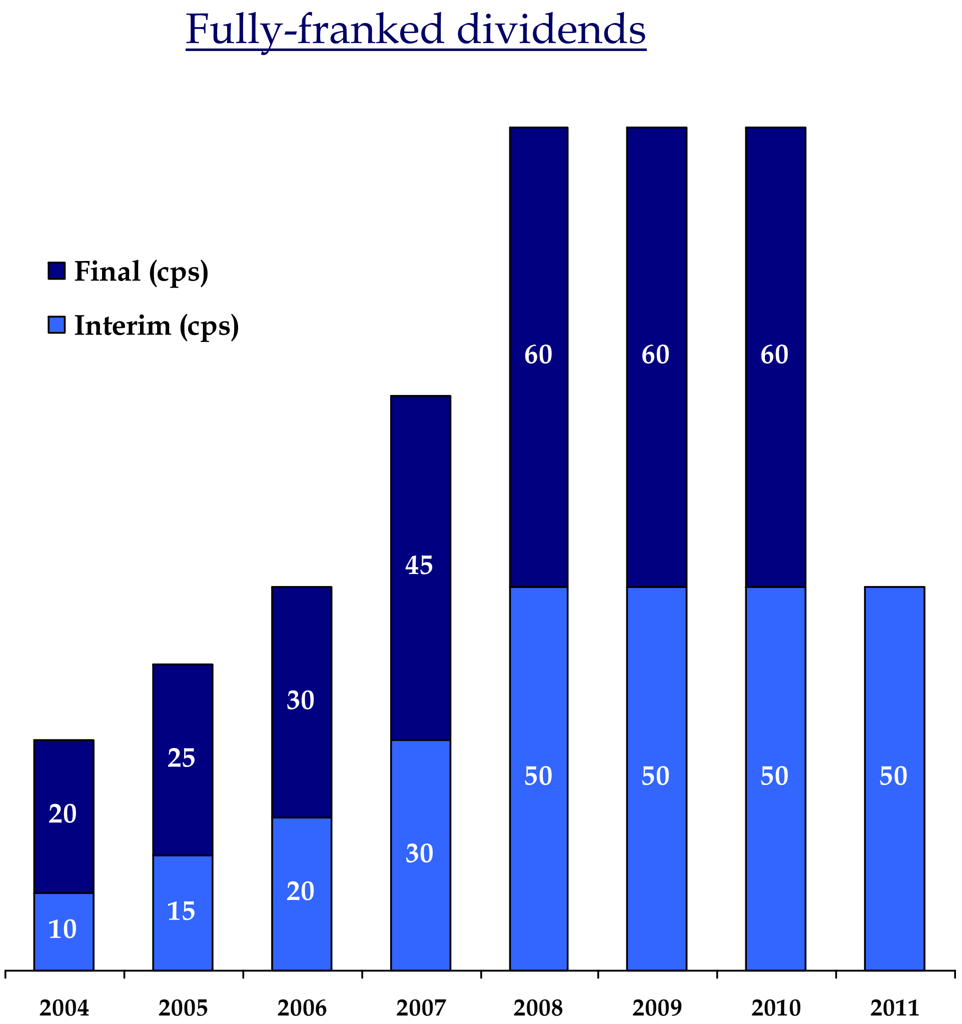
Earnings per share



Weighted average shares on issue ('000)



Returns to shareholders

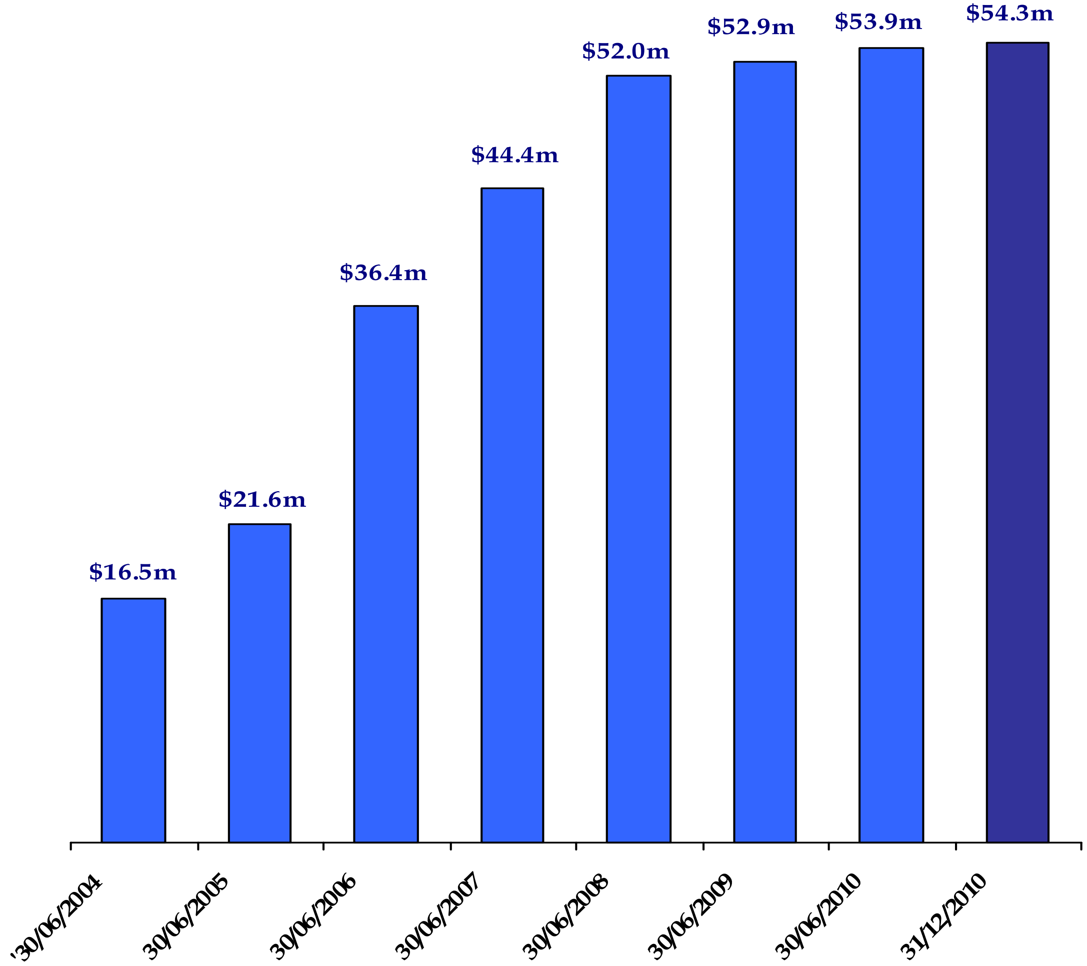


Strategic decision to maintain interim dividend at prior year level. This reflects:

- Confidence in the prospects of the business including recent acquisition
- Ongoing strong cash flow generation
- High level of franking credits

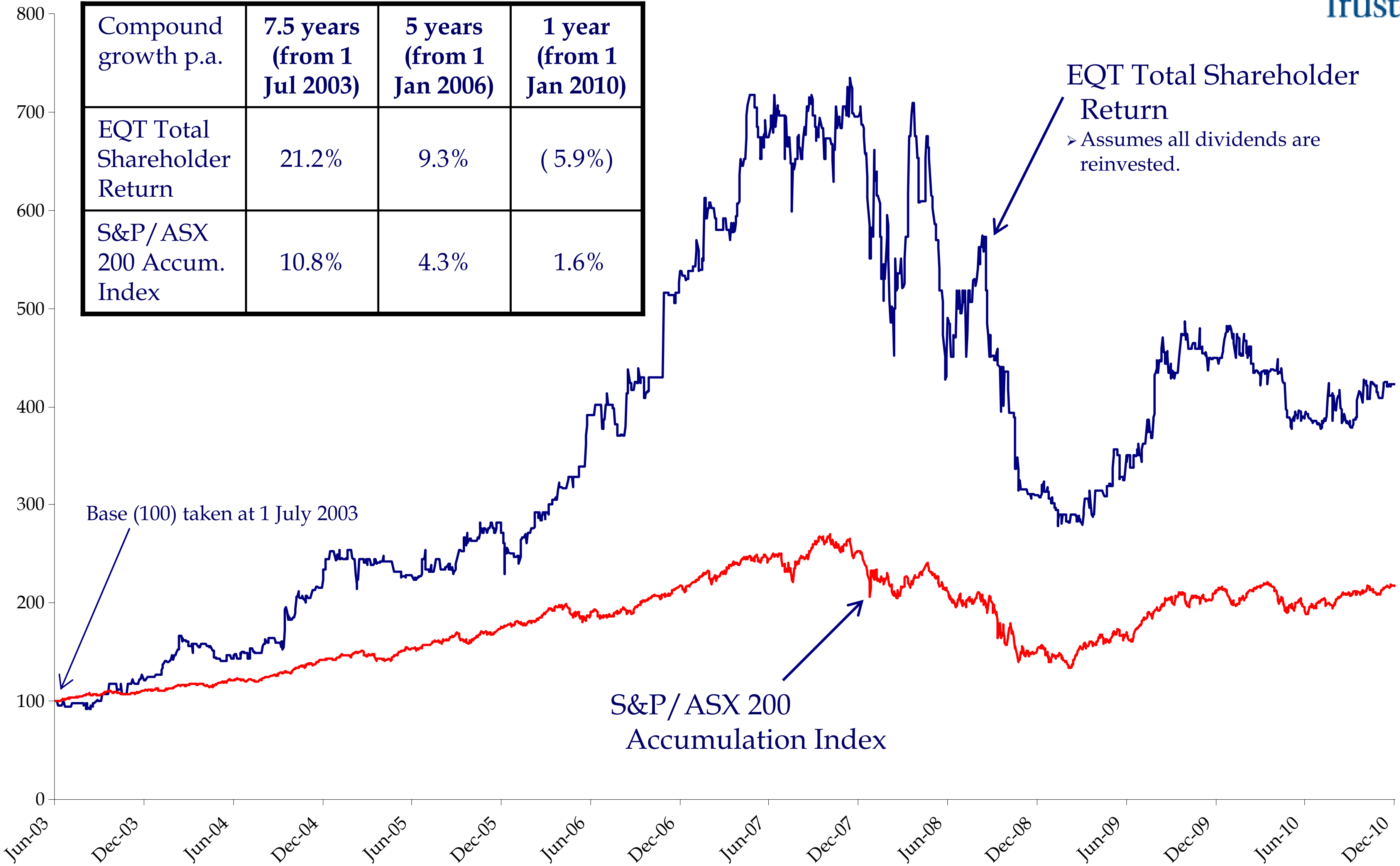
Balance sheet

- <u>Strong net asset base. Nil debt.</u>



- No impairment charges on past acquisitions

Sustained share price outperformance



Compound growth p.a.	**7.5 years (from 1 Jul 2003)**	**5 years (from 1 Jan 2006)**	**1 year (from 1 Jan 2010)**
EQT Total Shareholder Return	21.2%	9.3%	(5.9%)
S&P/ASX 200 Accum. Index	10.8%	4.3%	1.6%

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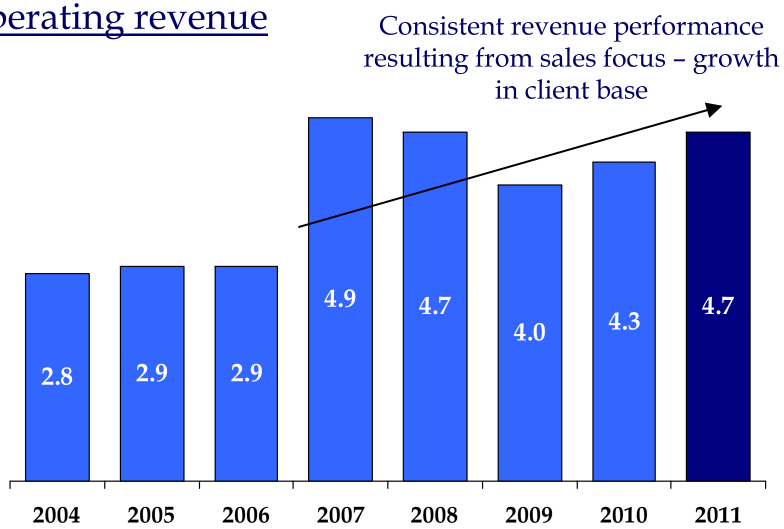
Business units – operations & performance

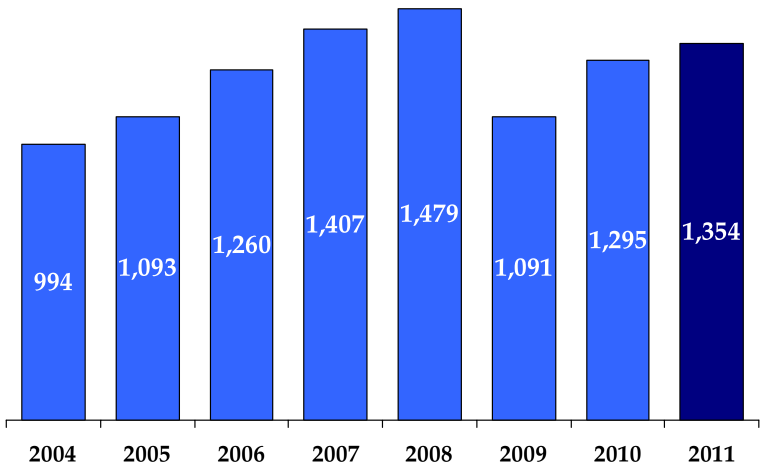
Business unit	Key services	Target market	6 months to 31/12/10 Revenue	6 months to 31/12/10 FUM
Private Clients	➢ Wealth Management ➢ Personal Superannuation ➢ Asset Management ➢ Trusts & Estates ➢ Philanthropy ➢ Tax	Private investors	$4.7m +10.5%	$1,354m +4.5%
Funds Management	➢ Sales & marketing ➢ Product management for EQT co-branded funds (managed by external specialists)	➢ Platforms/IDPS ➢ Financial planners	$4.2m 3%	$2,266m +3.9%
Fund Services	➢ Responsible entity ➢ RSE Super ➢ Corporate trustee ➢ Specialist trustee	➢ Investment managers ➢ Superannuation funds ➢ Corporates	$4.4m 10.3%	$16,631m +16.2%
Superannuation	Full service master trusts – ➢ Wealthpac ➢ Freedom of Choice ➢ OSL	Small-medium size corporates	$4.9m 20.5%	$940m +51.2%

Business unit overview - Private Clients

Operating revenue



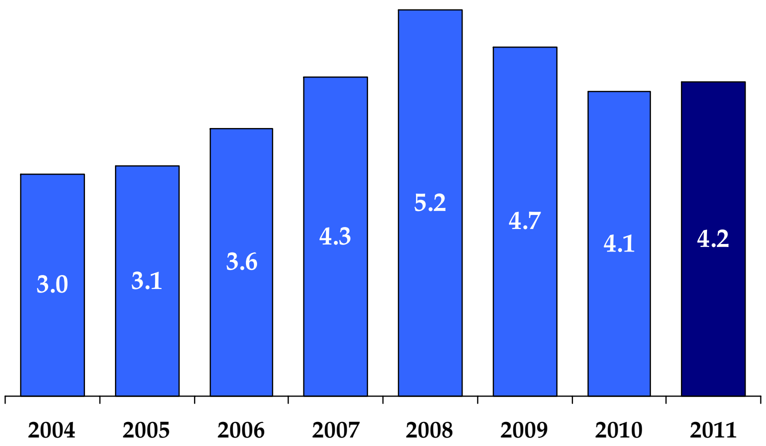
Assets under management



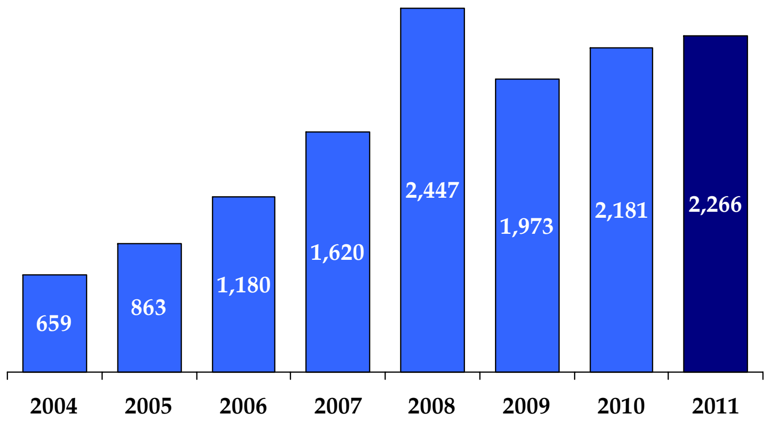
1st half performance	• All revenue streams up – 10.5% overall • AUM increased by 4.5% • Good demand for fiduciary services
2nd half outlook	• Ongoing sales focus – personal clients and B2B relationships • Stronger estate revenue expected – 2nd half • Positioned for improvement in asset values

Business unit overview – Funds Management

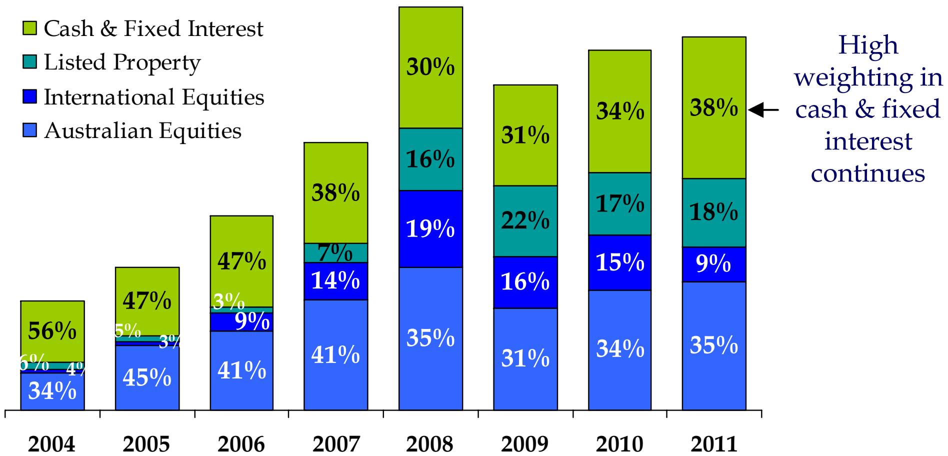
Operating revenue



Funds under management



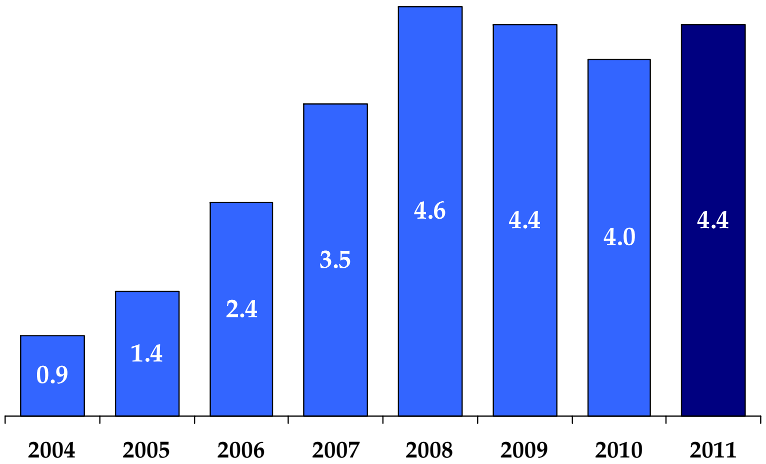
Diversified across major asset classes



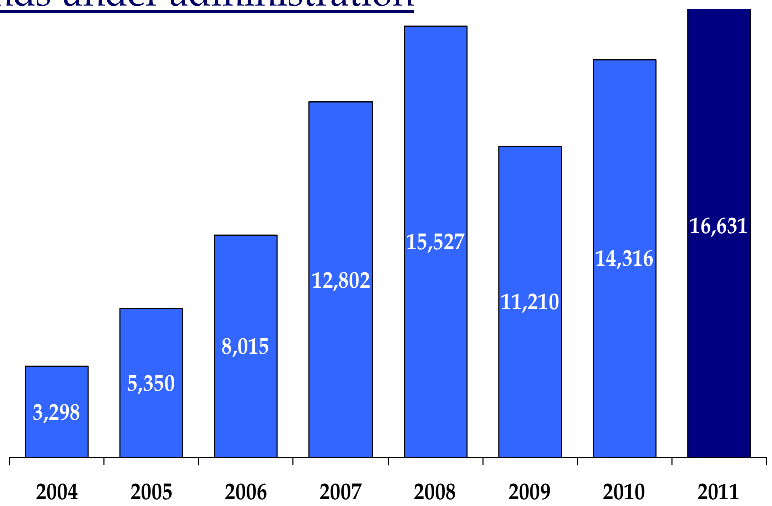
1st half performance	• FUM up 3.9% – continuation of flows to fixed interest funds (lower margin) • Since 2004, each half year has had positive FUM inflow • 81% of FUM sourced from external (IDPS/Platform)
2nd half outlook	• Breadth of investment offering enables proactive response to market movement/demand • Restructure: Funds and RE to combine

Business unit overview - Fund Services

Operating revenue



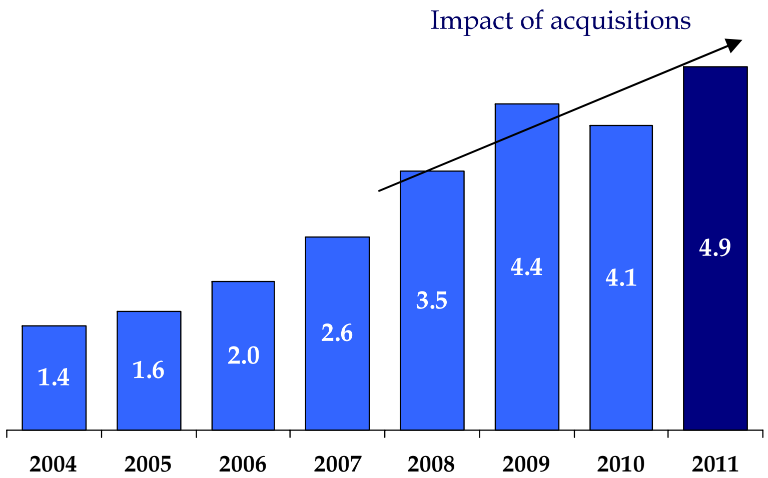
Funds under administration



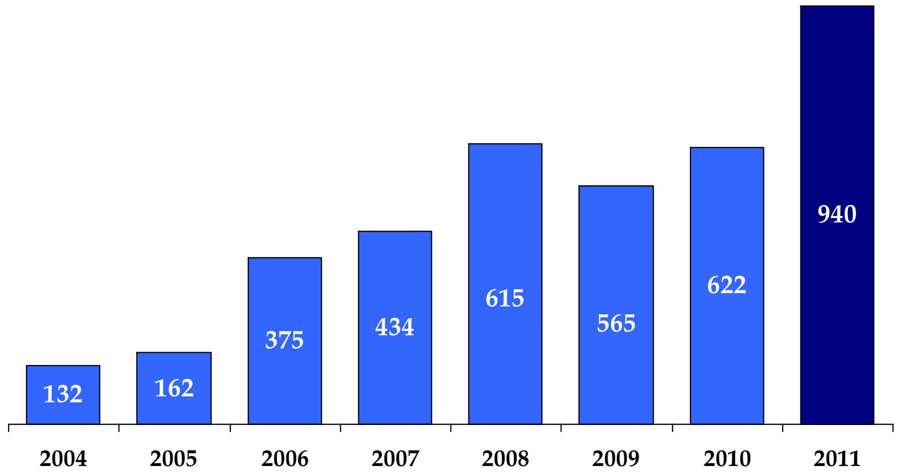
1st half performance	• Good demand for new RE roles post GFC • FUM increase of 16.2% and revenue increase of 10.3% • No RE exposure to failed assets/funds
2nd half outlook	• Pipeline remains strong – referral/reputation as source of demand • Post half year restructure: Combined FM and RE – common skills • New Sydney dedicated resource

Business unit overview - Superannuation

Operating revenue

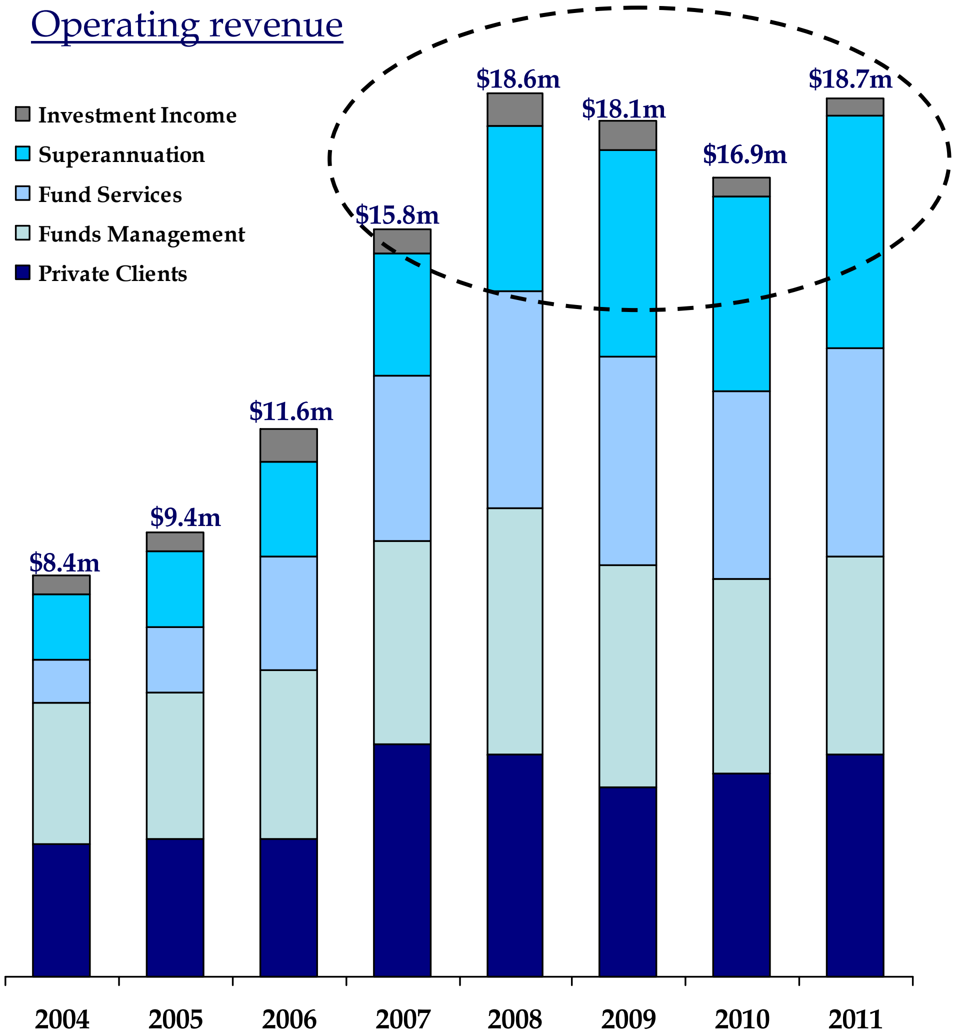


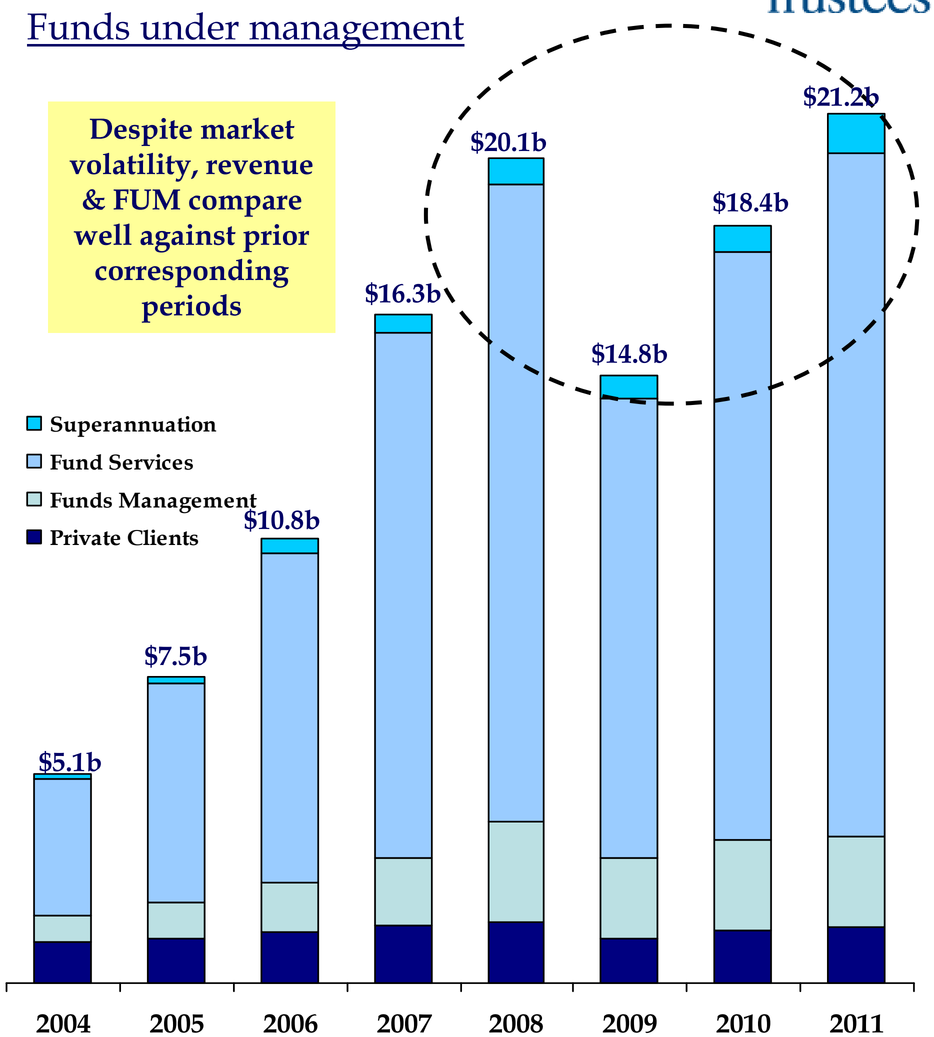
Funds under management



1st half performance	• Acquisition of OSL effective 1/11/10 – earnings accretive • FUM acquired: $265mil • Master trust - very good investment performance
2nd half outlook	• OSL integration by 30/6/11 – then full earnings accretive • FUM scale – approaching $1bil in master trusts • New FUM source being developed

Revenue & FUM comparison





Despite market volatility, revenue & FUM compare well against prior corresponding periods

Recent acquisition – OSL Superfund

- Further step growth into Super
- 27,000 members
- $265m FUM
- Cost $10.8 million – funded from internal resources
- Bolt-on to existing master trust – currently well advanced
- Earnings accretive, 1 November 2010
- Full synergy benefits emerge after full integration, at 30 June 2011

Business update

EQUITY Trustees

Strategic options

- Good organic growth potential in business lines. Deeper participation in wealth management sector remains an opportunity. Industry changes likely to be positive for EQT.
- Focus moving from internal to external initiatives as recovery from GFC emerges.
- Continue to refine organisation structure and key roles.

Regulatory changes

- FoFA, Cooper Review, RE capital/activity review, trustee company legislation, tax changes for managed funds and offshore operations. Constantly shifting playing field.
- Some of above will offer positive opportunities – others may present some challenges but all are under review and unlikely to have significant adverse impact.

Acquisitions

- Cautious approach taken through market downturn but OSL illustrates logic of 'bolt-on' opportunities.
- EQT continues to monitor and engage other acquisition possibilities, but patience is required whilst above market forces work through.

Summary and outlook

The EQT Group:

- Positive trend in revenue as new business opportunities crystallise and relative stability and optimism return to investment markets.
- All business lines are profitable and have good organic growth prospects. Margins healthy.
- Investment in business development strength, systems and efficiency maintained.
- Able to make smaller acquisitions from existing resources, seek additional capital if a larger opportunity presents.
- Excellent medium-long term shareholder returns.
- 'Fiduciary obligation' approach to client servicing over many years – will be market norm in future.
- Interested in bolt-on deals for current businesses, expansionary deals in chosen growth sectors.

Outlook for 2nd half:

- Solid stream of new business leads, although flows to low margin products still most evident in some areas. Continue structuring business for maximum efficiency & focus on strategy.
- Sustained market recovery will flow through to financial performance.

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