Celebrating 120 years

EQUITY Trustees

Annual Report 2008

Directory

Board of Directors

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

Peter J Williams
Dip.All, MAICD, FAIM (Managing Director)

David F Groves
B.Com, M.Com, CA, FAICD (Vice-Chairman, Non-executive)

John R McConnell
B.Com, FAICD, FAIM, F Fin (Non-executive)

Barry J Jackson
B.Com (Hons), MAICD (Non-executive)

Alice JM Williams
B.Com, CFA, FAICD, FCPA (Non-executive)

The Hon Jeffrey G Kennett AC
Hon. DBus (Ballarat) (Non-executive)

Company Secretary/ Chief Financial Officer

Terry Ryan
B.Bus, CA, F Fin

Joint Company Secretary

Philip Maddox
LLB, BA, GDipAppFin (Finsia)

Auditor

Deloitte Touche Tohmatsu
180 Lonsdale 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

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Equity Trustees Limited

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Australian Financial Services
Licence No 240975

Contents

Directors' Report

Directors' Report for the Financial Year Ended 30 June 2008

The directors of Equity Trustees Limited submit herewith the annual financial report for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

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

JA (Tony) Killen, Chairman
Peter J Williams, Managing Director
David F Groves, Vice-Chairman
John R McConnell
Barry J Jackson
Alice JM Williams (appointed 5 September 2007)
Philip G Molyneux, (resigned 30 August 2007)

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 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 member of the Institute of Chartered Accountants and the Financial Services Institute of Australasia.

Mr Philip 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 late 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 Group during the course of the financial year involved the provision of services to clients of our Private Clients, Funds Management, Fund Services and Superannuation business units. Further detail pertaining to the activities of these business units is summarised on the following page.

EQUITY Trustees

Review of Operations

For the year ended 30 June 2008, the Equity Trustees Group earned a profit after tax of $10,565,351. The Group is made up of four business units. There was no change to the strategic operation of these business units during the 2008 financial year.

The four business units, their function and 2008 revenue performance is summarised below.

Changes in the State of Affairs

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

Subsequent Events

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 consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Dividends

In respect of the financial year ended 30 June 2007

i. An interim dividend of 30 cents per share, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 13 April 2007.

ii. A final dividend of 45 cents per share, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 10 October 2007.

In respect of the financial year ended 30 June 2008

iii. An interim dividend of 50 cents per share, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 13 April 2008.

iv. Subsequent to 30 June 2008, the directors declared a final dividend of 60 cents per share, franked to 100% at 30% corporate income tax rate, payable to holders of fully paid ordinary shares on 10 October 2008.

Business unit	Key functions	2008 performance
Private Clients	The provision of personal asset management services – including wealth management, trust management, estate planning, executorial, taxation and philanthropic services. The team is supported by an in-house asset management team providing investment advice to all private clients.	Operating revenue up 12.0% to $10.4m (2007: $9.3m) Assets under management down 10.5% to $1,333m (2007: $1,490m)
Funds Management	Management and coordination of the distribution and marketing for Equity Trustees co-branded retail and wholesale funds managed by external specialist investment managers. Operational compliance in managing the RE business (part of Fund Services).	Operating revenue up 11.6% to $10.0m (2007: $9.0m) Funds under management up 18.2% to $2,367m (2007: $2,001m)
Fund Services	Overall responsibility for the risk management of Corporate Trust and Responsible Entity businesses – covering both managed funds and superannuation. Responsibilities also include Company Legal Counsel; Joint Company Secretary and compliance.	Operating revenue up 24.6% to $9.6m (2007: $7.7m) Funds under administration up 1.5% to $14,046m (2007: $13,845m)
Superannuation	A full service trustee, administration and investment business which manages employer superannuation funds through its "fund of funds" Master Trust primarily servicing small-to-medium sized enterprises. The Master Trust also offers tax effective pension accounts to individuals.	Operating revenue up 50.6% to $7.9m (2007: $5.3m) Funds under management down 3.2% to $615m (2007: $635m)

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 company and its controlled entities against a liability incurred as such 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, 15 board meetings, 15 committee of the board meetings, 5 remuneration & human resources committee meetings and 13 audit & compliance committee (A&CC) meetings were held.

Directors' Shareholding

The following table sets out each director's relevant interest in shares. All shares are fully paid ordinary shares.

Director	Number of shares held as at 30 June 2008
D F Groves	558,456
J R McConnell	19,426
B J Jackson	10,500
P J Williams	5,414
J A Killen	6,000
A J M Williams	310

Directors in Attendance	Board Meetings		Committee of the Board Meetings[1]		Remuneration and Human Resources Committee Meetings		Audit & Compliance Committee Meetings	
	Eligible to attend[2]	Attended	Eligible to attend[2]	Attended	Eligible to attend[2]	Attended	Eligible to attend[2]	Attended
JA (Tony) Killen	15	14	6	6	5	5	-	-
P J Williams	15	15	14	14	-	-	-	-
D F Groves	15	13	5	5	-	-	13	8
J R McConnell	15	15	13	13	-	-	13	13
B J Jackson	15	15	6	6	5	5	3	3
A J M Williams[3]	12	12	5	5	-	-	9	8
P G Molyneux[4]	3	3	2	2	1	1	3	3

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.
3. Ms Alice J M Williams was appointed as a director on 5 September 2007.
4. Mr Philip G Molyneux resigned as a director on 30 August 2007.

EQUITY Trustees

Remuneration Report

The board's policy on executive remuneration is designed to reward executives for achieving financial and other business goals, which in turn, increases shareholder wealth.

Key management personnel of the company during the year comprised the directors and executives listed in the tables below.

Directors' remuneration consists of directors fees, superannuation guarantee charge and a CPI adjustment to frozen directors' retiring allowances.

Executive remuneration packages contain the following key elements:

i. Salaries;

ii. Performance incentives – includes short term incentive payments;

iii. Non-monetary – includes parking costs and fringe benefits tax;

iv. Termination benefits – includes annual leave on termination;

v. Post employment – includes superannuation guarantee charge (SGC), and other superannuation payments;

vi. Other long-term employee benefits – includes the movement in accrual for long service leave; and

vii. Share-based payments – includes long term incentive awards (Awards) granted under the Executive Performance Share Plan 1999 and shares issued under the Employee Share Acquisition Plan. The Awards to acquire shares form part of executive long-term performance incentives.

These elements are structured in a manner that:

- aligns 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 and Human Resources Committee and determined with regard to current market rates and executive performance.

Short-term performance incentives are calculated by reference to agreed key performance indicators for the year ended 30 June 2008. These include earnings per share, 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 improved executive performance for the benefit of shareholders and other stakeholders. The measurement of criteria is assessed by adopting a balanced scorecard approach, with each criteria 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 and Human Resources Committee confirms the appropriateness of the criteria, appropriate thresholds and, at the conclusion of the measurement period, confirms the level of achievement. Short-term executive performance incentives relating to the year ended 30 June 2008 were accrued at year end and are payable in September 2008. The grant date for the 2008 short-term performance incentive arrangements was 26 July 2007 and there were no alterations to terms or conditions since that date. There was no forfeiture of short-term performance incentives during the year.

Long-term performance incentives 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 below under the heading, Executive Share Performance Plan. The value of long-term performance incentives is spread over the measurement period, with the value for the year to 30 June 2008 accrued at year end. The expense for the year ended 30 June 2008 was $590,598.

The board believes that the operational and financial performance of the group over the last five years has been strong 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 consistent with the group's performance.

The tables below provide summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2008:

	30 June 2008 $'000	30 June 2007 $'000	30 June 2006 $'000	30 June 2005 $'000	30 June 2004 $'000*
Revenue	39,631	33,063	25,342	20,585	19,622
Net profit before tax	14,755	11,807	7,211	4,977	3,763
Net profit after tax	10,565	8,144	5,156	3,403	2,811

* Equity Trustees Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from that date. The results for the year ended 30 June 2004 are reported in accordance with Equity Trustees Limited's previous accounting policies as permitted under Australian accounting standards as applicable at that time.

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
Share price at start of year	$33.00	$18.50	$11.10	$7.40	$5.12
Share price at end of year	$21.80	$33.00	$18.50	$11.10	$7.40
Interim dividend[1]	50cps	30cps	20cps	15cps	10cps
Final dividend[1,2]	60cps	45cps	30cps	25cps	20cps
Basic earnings per share[3]	133.35cps	105.18cps	69.94cps	52.98cps	45.52cps
Diluted earnings per share[3]	131.79cps	104.28cps	69.73cps	52.98cps	45.52cps

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.
3. Equity Trustees Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from that date. The basic and diluted earnings per share for the year ended 30 June 2004 were calculated in accordance with Equity Trustees Limited's previous accounting policies as permitted under Australian accounting standards as applicable at that time.

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

2008

Directors	Short-term employee benefits			Post-employment benefits		Other long-term employee benefits	Share-based payments	Total
	Fee/salary	Perf. incentive	Non-monetary	Superannuation	DRA[4]		Share Awards	
	$	$	$	$	$	$	$	$
Non-executive Directors								
JA (Tony) Killen, Chairman	54,212	-	-	33,000	3,679	-	-	90,891
DF Groves, Vice-Chairman	45,000	-	-	31,300	8,792	-	-	85,092
JR McConnell	31,250	-	-	36,875	12,771	-	-	80,896
BJ Jackson	-	-	-	62,759	3,679	-	-	66,438
AJM Williams[1]	51,146	-	-	4,603	-	-	-	55,749
PG Molyneux[2]	16,083	-	-	1,447	1,171	-	-	18,701
Executive Director								
PJ Williams, Managing Director	252,355	99,629	8,026	116,000	-	5,482	173,016	654,508
2007								
Non-executive Directors								
JA (Tony) Killen, Chairman	8,500	-	-	47,090	362	-	-	55,952
DF Groves, Vice-Chairman	-	-	-	70,850	(15,792)	-	-	55,058
JR McConnell	9,583	-	-	53,092	(3,046)	-	-	59,629
BJ Jackson	-	-	-	53,410	(4,081)	-	-	49,329
PG Molyneux	84,243	-	-	7,582	13,388	-	-	105,213
RA Illingworth[3]	-	-	-	9,583	8,380	-	-	17,963
Executive Director								
PJ Williams, Managing Director	310,019	147,940	7,328	12,686	-	3,982	114,246	596,201

1. Ms Williams was appointed as a director on 5 September 2007.
2. Mr Molyneux resigned as a director on 30 August 2007 and was paid $172,666 as a directors' retiring allowance.
3. Mr Illingworth resigned as a director on 31 August 2006 and was paid $36,465 as a directors' retiring allowance.
4. DRA represents an accrual for directors' retiring allowance and is calculated in accordance with the accounting policy as outlined in note 2(e) to the financial statements. A negative balance represents a reduction in the discounted liability as a result of a reassessment of likely retirement dates. The DRA for each director was frozen as at 31 December 2005 but the frozen amounts are inflation adjusted annually for the movement in CPI.

The following table discloses the key management personnel and highest remunerated executives of Equity Trustees Limited Group during the year, together with remuneration entitlements:

2008

Executives	Short-term employee benefits			Termination benefits	Post employment benefits -	Other long-term employee benefits	Share-based payments		Total
Name	Salary	Perf. incentive	Non-monetary		Super-annuation		Share Awards	Employee Share Acquisition Plan	
	$	$	$	$	$	$	$	$	$
T Ryan, CFO & Company Secretary[1,2,3]	207,301	59,712	19,577	-	13,129	2,892	80,578	988	384,177
HH Kalman, Head of Funds Management[1,2,3]	219,062	47,808	7,819	-	13,129	5,059	80,578	988	374,443
SR Manuell, Head of Private Clients[1,2,3]	206,871	45,320	-	-	13,129	3,209	75,327	988	344,844
PM Maddox, Head of Fund Services and Chief Legal Officer[1,2,3]	178,578	30,281	8,180	-	20,977	2,816	58,304	988	300,124
AD Young, Managing Director, Equity Trustees Superannuation Limited[1,2]	106,584	45,959	7,774	-	104,104	4,207	12,604	988	282,220
MSF Godfrey Head of Distribution & Marketing[1,3]	164,858	28,305	2,013	-	13,129	2,325	45,572	988	257,190

1. Key management personnel of Equity Trustees Limited Group
2. Highest remunerated executives of Equity Trustees Limited Group
3. Highest remunerated executives of Equity Trustees Limited

2007

Executives	Short-term employee benefits			Termination benefits	Post employment benefits -	Other long-term employee benefits	Share-based payments		Total
Name	Salary	Perf. incentive	Non-monetary		Super-annuation		Share Awards	Employee Share Acquisition Plan	
	$	$	$	$	$	$	$	$	$
HH Kalman, Head of Funds Management[1,2,3]	205,203	72,900	7,143	-	12,686	3,276	52,433	982	354,623
SR Manuell, Head of Private Clients[1,2,3]	197,314	74,424	-	-	12,686	2,472	49,521	982	337,399
T Ryan, CFO & Company Secretary[1,2,3]	204,812	51,272	7,535	-	12,686	2,598	52,433	982	332,318
AD Young, Managing Director – Equity Trustees Superannuation Limited[1,2]	179,121	92,439	6,592	-	18,860	4,659	-	982	302,653
P M Maddox, Head of Fund Services and Chief Legal Officer[1,2,3]	173,071	35,469	7,389	-	18,768	2,849	46,281	982	284,809

1. Key management personnel of Equity Trustees Limited Group
2. Highest remunerated executives of Equity Trustees Limited Group
3. Highest remunerated executives of Equity Trustees Limited

Key terms of employment agreements

The employment agreements for key management personnel, other than for the managing director, do not have a fixed term.

The term of the managing director's current employment agreement is until 1 July 2009. The termination notice period is 3 months for the managing director and, where applicable severance payments would include the balance of total employment cost to the end of the employment agreement. Payment would also include statutory entitlements for accrued annual leave and long service leave in accordance with the relevant legislation. Cessation of employment by the managing director during a given performance year will mean that short term incentive payments are not generally paid, except in circumstances of retrenchment, retirement or death. Long term incentive grants are generally forfeited as a result of resignation or dismissal. The board has discretion to consider the pro rata grant of long term incentives, but still subject to performance hurdles relevant to the grant, in the event of retrenchment, retirement or death.

Executive Share Performance Plan

Long-term incentives (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, followed by the 2006/07 Series.

During the financial year, the board of directors approved the issue of a third series (2007/08 Series). The total number of share entitlements issued under the 2007/08 Series was 23,742 (2007: 43,510).

The structure of the Plan approved by the Equity Trustees Limited Board Remuneration and Human Resources Committee (Remuneration Committee) is to form part of the remuneration structure of eligible executives, in particular, the long term incentive (LTI) component of remuneration.

The following is an overview of the key features of the Plan, noting specific features of the 2007/08 Series:

- 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 under the 2007/08 Series is calculated by dividing the value of the Award by the weighted average share price of Equity Trustees Limited shares traded during the 3 month period to 30 June 2007.
- the performance criteria are based on
  - Total Shareholder Return (TSR), and
  - Earnings per Share (EPS).
- 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 3 year measurement period, plus dividends reinvested over the 3 year period. This is compared to a Comparator Group based on the ASX200 Index and a vesting scale applied.
- EPS is based on normalised operating profit before tax, which excludes 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 term of each Award series is a 3 year period, with additional performance assessments during the 4th year, if applicable. In relation to Awards aligned to the TSR criteria, if the full Award is not achieved after the initial 3 year period, a 4th year measurement period is undertaken for all participants. In relation to Awards aligned to the EPS criteria, if the full Award is not achieved after the initial 3 year period in respect of Mr PJ Williams, a 4th year measurement period is undertaken. For all other participants, there is no 4th year EPS performance assessment, regardless of the outcome after the initial 3 year period.
- the weighting of the performance criteria is as follows:
  - TSR – Mr PJ Williams: 50%, and all others: 25%.
  - EPS – Mr PJ Williams: 50%, and all others: 75%.
- each share entitlement converts to one ordinary share of Equity Trustees Limited on exercise.
- no amounts are paid or payable by participants on receipt of the share entitlement.
- 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 Equity Trustees Limited Group for the duration of the measurement period to exercise any share entitlements.
- shares issued after the completion of the measurement period are subject to:
  - Mr PJ Williams: held in trust, for a further 2 year escrow period from the date of issue, after the end of the initial 3 year measurement period.
  - All other participants: held in trust, subject to a forfeiture condition, for up to a further 10 year period, from the date of issue, after the end of the initial 3 year measurement period.
- dividends vest to the participant after date of issue, whether under escrow or subject to a forfeiture condition.
- the use of hedging or derivative techniques is not permitted until shares are released from escrow or forfeiture condition. If hedging or derivative techniques are used during escrow or while there is still a forfeiture condition in place, then the shares are forfeited.

In accordance with the Plan, variations to the above features may apply, where approved by the Remuneration Committee. There was no forfeiture of Awards or shares during the year.

The following is an overview of changes during the year in respect of Awards issued

- On 4 December 2007, the 2005/06 Award (granted 28 October 2005) and 2006/07 Award (granted 27 July 2006) were altered for participants, other than Mr PJ Williams, in relation to the frequency of criteria testing during the 4th year, if required. The testing frequency changed from monthly to semi-annually.
- On 30 July 2008, all Awards were altered for participants, other than Mr PJ Williams, in relation to the 2 year escrow period. The escrow period was deleted and replaced by a forfeiture condition.

In relation to the above changes, there was no change to the number of Awards, the time remaining on the Awards or the impact on the accounting expense.

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

Award series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Total maximum future accounting value of Grant*
				$	$	$
2007/08 Series	23,742	26/07/2007	30/6/2010	nil	26.79	636,048
2006/07 Series	43,510	27/07/2006	30/6/2009	nil	14.36	624,804
2005/06 Series	48,998	28/10/2005	30/6/2008	nil	10.31	505,169

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

The weighted average fair value of the share entitlements granted during the financial year is $26.79 (2007: $14.36). 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 to incorporate an estimate of the probability of achieving the TSR hurdle and the number of share entitlements vesting.

Inputs into the model	2007/08 Series	2006/07 Series
Grant date share price	$32.00	$18.25
Exercise price	Nil	Nil
Expected volatility	30%pa	30%pa
Share entitlement life	3 years*	3 years*
Dividend yield	2.50%	3.30%
Risk-free interest rate	6.40%	5.96%

* In accordance with the Plan, the measurement of performance criteria is at the end of the 3 year period ending 30 June 2010 for the 2007/08 Series and 30 June 2009 for the 2006/07 Series, however if the performance criteria are not fully achieved, further assessments during the 4th year may apply.

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

	2008		2007	
	Number of share entitlements	Weighted average exercise price	Number of share entitlements	Weighted average exercise price
		$		$
Balance at beginning of the financial year	92,508	-	48,998	-
Granted during the financial year	23,742	-	43,510	-
Balance at end of the financial year [i]	116,250	-	92,508	-
Exercisable at end of the financial year [i]	48,998	-	-	-

No share entitlements granted under the Plan were exercised during the financial year.

i. Balance at end of the financial year

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 494 days (2007: 538 days). A further 365 days may be available if the measurement criteria is not achieved at the end of the three year measurement period.

EQUITY Trustees

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

2008	Balance at 1 July 2007	Granted as compensation	Exercised	Net other change	Balance at 30 June 2008	Balance vested at 30 June 2008	Vested but not exercisable	Vested and exercisable	Vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
PJ Williams	28,157	6,879	-	-	35,036	-	-	-	-
T Ryan	12,945	3,057	-	-	16,002	-	-	-	-
HH Kalman	12,945	3,057	-	-	16,002	-	-	-	-
SR Manuell	12,252	2,803	-	-	15,055	-	-	-	-
PB Maddox	11,453	1,306	-	-	12,759	-	-	-	-
MSF Godfrey	5,575	2,293	-	-	7,868	-	-	-	-
AD Young	-	1,369	-	-	1,369	-	-	-	-
2007	**Balance at 1 July 2006**	**Granted as compensation**	**Exercised**	**Net other change**	**Balance at 30 June 2007**	**Balance vested at 30 June 2007**	**Vested but not exercisable**	**Vested and exercisable**	**Vested during year**
	No.	No.	No.	No.	No.	No.	No.	No.	No.
PJ Williams	15,190	12,967	-	-	28,157	-	-	-	-
T Ryan	7,051	5,894	-	-	12,945	-	-	-	-
HH Kalman	7,051	5,894	-	-	12,945	-	-	-	-
SR Manuell	6,751	5,501	-	-	12,252	-	-	-	-
PB Maddox	6,319	5,134	-	-	11,453	-	-	-	-

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 10 to the financial statements.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 18 of the financial report.

Statutory Trustee

Equity Trustees Limited is authorised by the law of the state of Victoria to take in its name a Grant of Probate of the will of a deceased person. 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 statements.

Reserve Fund

The provisions of the Trustee Companies Act 1984 which require the creation of a reserve fund to be set aside by statutory trustee companies have been complied with and are reflected in the company's financial statements.

Signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the directors,

Mr Peter J Williams
Managing Director

Dated 28 August 2008

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 2008.

JA (Tony) Killen, Chairman
B.A., FAICD, FAIM

Non-Executive Director since September 2002

Chairman since August 2007

Member of Equity Trustees' Remuneration & HR Committee since September 2004

Previously the Group Managing Director and Chief Executive Officer of the listed insurance and funds management company, AXA Asia Pacific Holdings Ltd, Tony had a 36-year career with the National Mutual/AXA group.

An alumnus of the Sloan School of Management, MIT, Boston, Massachusetts, Tony is Chairman of Australia's largest not-for-profit health services provider, Sisters of Charity Health Service Ltd, is a non-executive director of Catholic Church Insurances Ltd and Catholic Church Insurances Investment Management Ltd. He is a non-executive director of listed companies, IRESS Market Technology Ltd and Templeton Global Growth Fund Ltd.

Tony is a former Chairman of both St Vincent's Hospital Melbourne Ltd and St Vincents and Mercy Private Hospital Ltd, a former director of St Vincent's Institute of Medical Research and a past president of the WA Insurance Institute.

Peter Williams, Managing Director
Dip.AII, MAICD, FAIM

Executive Director since March 2003

Peter was appointed Equity Trustees' Managing Director in February 2003 with significant experience in the financial services industry. He has broad experience in investments, insurance and superannuation, having worked in Australia and internationally with the listed insurance company AXA (previously National Mutual Ltd).

Prior to 1988, Peter worked in various roles including National Mutual's corporate business manager (Western Australia, South Australia and Northern Territory), superannuation sales consultant and client manager.

In 1988, Peter was appointed general manager, National Mutual Asia Ltd, working out of Hong Kong. On return to Australia in 1993, Peter became national marketing manager at National Mutual Funds Management. In 1996 he became general manager and chief executive officer of AXA Trustees Ltd.

In 2000, Peter was appointed general manager, Superannuation & Portfolio Services at Perpetual Limited.

Directorships have included NM Superannuation Pty Ltd, including 2 years as its chairman, 2 Years as the national president of the Trustee Corporations Association of Australia and, currently, Peter is a board member of that organisation. Peter was a director and vice-chairman of Austcham (the Australian Chamber of Commerce) in Hong Kong and has been both vice president and executive director of Victorian Baseball Association Inc. In February 2005, Peter was appointed to the Board of the Australian Baseball Federation.

David Groves, Vice-Chairman

B.Com, M.Com, CA, FAICD

Non-Executive Director since November 2000

Appointed Chairman of Equity Trustees' Audit & Compliance Committee in January 2003 and a Member since January 2002

A director of GrainCorp Limited, Tassal Group Ltd and Kambala, a leading Australian girls' school in Sydney. He is also an executive director of a number of private companies involved in viticulture and investment. Formerly a director of Mason Stewart Publishing, non-executive director of Camelot Resources NL and an executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia.

John McConnell

B.Com, FAICD, FAIM, F Fin

Non-Executive Director since January 2002

Member of Equity Trustees' Audit & Compliance Committee since January 2003

John has had more than 35 years' experience in banking and finance with the ANZ Banking Group in Australia, New Zealand and the United Kingdom, and has held various board positions within that Group. Roles at ANZ included managing director of Corporate Banking and Retail Banking, and deputy managing director of Esanda Finance Corporation Ltd.

John is chairman of Guilford Investments Ltd (previously known as HarvestRoad Ltd) and a director of ASG Group Ltd and Kew East Financial Services Ltd. John was previously a director of Housewares International Ltd. He was a founding director of Family Business Australia Ltd and the Melbourne Community Foundation, and is a past member of the Epworth Medical Foundation.

Barry Jackson

B.Com (Hons), MAICD

Non-Executive Director since September 2002

Appointed Chairman of Equity Trustees' Remuneration & HR Committee in December 2007 and a Member since September 2004

Barry is a former managing director of Pacifica Group Limited and chief executive of BTR Nylex's Building Products Group, with more than 30 years' experience in manufacturing and industrial marketing. He is a director of Alesco Corporation Limited and Paperlinx Limited. Barry was previously a director of St Vincent's Institute of Medical Research and CSR Limited.

Alice Williams

B.Com, FCPA, FAICD, CFA

Non-Executive Director since September 2007

Member of Equity Trustees' Audit & Compliance Committee since September 2007

Alice has extensive experience in the financial services sector, having previously served as director of State Trustees Limited and senior management positions with a number of Australian and international investment banks, including NM Rothschild and Sons (Australia) Limited, JP Morgan Australia, Hong Kong Bank of Australia Limited and Citibank (NA).

Alice is a director of AirServices Australia, Guild Insurance & Financial Services, Telstra Sale Company Limited and Victorian Funds Management Corporation. Alice is also a Council Member of The Cancer Council of Victoria and Commissioner of the Victorian Competition and Efficiency Commission.

In addition, Alice undertakes a variety of consulting roles to corporate, Government and not-for-profit organisations specialising in strategic and business planning, debt restructuring, equity raising and corporate governance.

Alice was previously a director of Western Health.

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Melbourne VIC 3001 Australia

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28 August 2008

The Board of Directors
Equity Nominees Limited
Level 2, 575 Burke Street
Melbourne VIC 3000

Dear Board Members

Auditors Independence Declaration to Equity Nominees 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 Nominees Limited.

As lead audit partner for the audit of the financial statements of Equity Nominees Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

G J McLean
G. J. McLean
Partner

Corporate Governance Statement

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 Australian Stock Exchange (ASX) Listing Rules require listed companies 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 companies must identify the recommendations which have not been followed and provide reasons for the company's decision.

As detailed in this Corporate Governance Statement, the company considers its governance practices comply with all but one of the ASX Corporate Governance Council - Principles of Good Corporate Governance and Best Practice Recommendations. The recommendations suggest that the company should establish a nomination committee (recommendation 2.4), however the company believes that the full board itself, rather than a committee, can adequately perform this task.

Directors & Board

As at the date of the Directors' Report, the Board comprises six directors, five 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 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.

The company 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 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 them 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.

A table of discretions has been adopted by the Board which discloses the functions that are reserved to the Board and those that are delegated to particular management of the company.

The primary responsibilities of the Board include

- The approval of the annual and half-year financial reports;
- The establishment of the long-term goals of the company and strategic plans to achieve those goals;
- The review and adoption of annual budgets for the financial performance of the company and the monitoring of those results on a monthly basis;
- Ensuring that the company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities; and
- Appointing, evaluating, supporting and directing the managing 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 the company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Performance Evaluation, Nomination and Remuneration

The Board regularly reviews its overall performance, as well as the performance of its committees, individual independent directors and the managing director.

The chairman is responsible for the monitoring of, and providing feedback to, individual directors. This process involves a peer review of each director by fellow directors and periodic external review.

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 Board undertakes the following functions.

- The review of performance and composition of the Board on an annual basis.

  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 might be most appropriate to the company's objectives. Any appointee must meet appropriate ethical and reputation standards. The Board has determined, following due consideration of ASX best practice recommendation 2.4, that given its current size and experience, these tasks are best performed by the full Board itself rather than by a nomination committee.

- The review and setting of remuneration of all directors (including the managing director), and the review and approval of remuneration of executives on an annual basis.

  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. There is currently a short-term share-based plan for employees, known as the Employee Share Acquisition Plan (ESAP). This plan is activated by the Board after considering the financial performance of the group 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 Executive Performance Share Plan 1999 (the Plan). This plan was approved at the 1999 Annual General Meeting of the company. Executive participation is approved by the Board via the Remuneration Committee each year. Non-executive directors' fees are determined by the Board within limits approved by shareholders. At the general meeting of the company held 28 October 2005 shareholders approved an aggregate limit of fees of $450,000.

  Following due consideration of ASX best practice recommendation 9.2, the Board has established a Remuneration and Human Resources Committee that reviews and sets remuneration of all directors (including the managing director) and reviews and approves remuneration of executives on an annual basis.

  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 Directors' Report.

Financial Reporting

To support the company's 2008 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.

Audit & Compliance Committee

The Board operates an Audit & Compliance Committee which, consistent with the ASX best practice recommendations, 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

- Mr DF Groves, chairman (Appointed to Committee 1 January 2002, appointed chairman 30 January 2003)
- Mr JR McConnell (Appointed 30 January 2003)
- Ms AJM Williams (Appointed 12 September 2007)

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 matters including its objectives, duties and responsibilities and membership requirements. This Committee provides a forum for the effective communication between the Board, internal 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 the management information systems and systems of internal control;
- The appointment of external auditors;
- The efficiency and effectiveness of the internal and external audit functions, including reviewing the respective audit plans; and
- Compliance by the company 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 and other responsible officers, and the external and internal auditors to attend its meetings. The Audit & Compliance Committee also meets with and receives regular reports from the external and internal auditors and compliance manager concerning any matters that arise in connection with the performance of their respective roles, including the adequacy of internal controls.

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 where material to the 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.

Risk Management

The Board is responsible for the company's system of internal controls. It constantly monitors the operational and financial aspects of the company's activities and, through the Audit & Compliance Committee, considers the recommendations and advice of external and internal auditors and other external advisers on the operational and financial risks that face the company.

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 and Compliance Committee, the scope and program of the internal audit function.

Management Committees

As part of Equity Trustees Limited's commitment to continually enhancing its risk management processes, a range of Management Committees have been established. These include the following:

Investment Management Committee

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

Asset Review Committee

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

Due Diligence Committee

The primary functions of this committee includes 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 registrable superannuation entities (RSE's) for which the company acts as responsible entity or trustee and reviewing new business proposals for accepting appointment as trustee or responsible entity and making appropriate recommendations to the Board.

Superannuation Compliance Committee

The primary function of this committee is to monitor the operation of registrable superannuation entities (RSE) for which Equity Trustees 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.

Funds Review Committee

The primary functions of this committee include monitoring of internally managed funds as well as the allocation of money between nominated company funds within approved parameters. The committee also considers and approves new mortgages and develops proposals for new investment products.

Trust Review Committee

The primary function of this committee is to monitor the decision making process which requires 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 individual levels of authority within an appropriately constituted and accountable committee.

Communication to Shareholders and the Market

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

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

- there is full 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 Board and the executive group of the company are fully aware of the obligation to comply with the ASX Listing Rules.

Dealing in the Company's Shares

Directors are required by the company's constitution to hold a minimum of 300 shares. Their current shareholdings are shown in the Directors' Report.

In accordance with the Securities Dealing Policy, directors, employees and connected persons are prohibited from trading in the company's shares unless the trade occurs outside a prohibited period. The prohibited periods are

- Two months immediately before the release of the company's yearly and half-yearly results to the ASX; and
- Two weeks immediately before the company's annual general meeting.

However, directors, employees and connected persons are prohibited from trading in the company's shares at any time if they are aware of any price sensitive information that has not been made public. All dealings in shares of the company by directors are promptly notified to the ASX.

Unless approved by the Board, directors and employees are not permitted to enter into arrangements, such as margin loans or arrangements involving Equity Trustees securities as collateral to secure repayment of a loan, where the lender is granted a right to sell, or compel the sale of the persons Equity Trustees securities at any time when the Securities Dealing Policy may prohibit the person from dealing in the securities.

Code of Conduct

Equity Trustees Limited is committed to maintaining high standards of integrity and conducting its business in accordance with high standards of ethical behaviour. As part of the Board's commitment to the highest standards of conduct and integrity, it has adopted the Code of Practice for Statutory Trustee Organisations (as it applies to directors, employees and contractors) issued by the Trustee Corporations Association in March 2001.

The Objectives of the Code of Practice in its application to the company include

- defining high professional and ethical standards to be met;
- promoting disclosure of information relevant and useful 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 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 statutory trustee organisation;
- 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 and confidentiality of customers;
- 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.

Directors' Declaration

Equity Trustees Limited
ABN 46 004 031 298

Directors' Declaration for the financial year ended 30 June 2008

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. 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 consolidated entity; and

c. 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 Peter J Williams
Managing Director

Melbourne, 28 August 2008

Financial Report 2008

Income Statement for the Financial Year Ended 30 June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$	$	$	$
Revenue	5	37,877,319	31,128,693	30,060,369	26,006,180
Other revenue	5	1,754,139	1,934,709	1,658,241	1,812,485
Total revenue	5	**39,631,458**	**33,063,402**	**31,718,610**	**27,818,665**
Employee benefits expenses	7	16,148,773	13,374,666	12,636,802	11,103,002
Other employment and consulting expenses		891,517	1,312,924	589,327	1,022,587
Audit and tax advice expenses		322,633	250,844	285,787	209,226
Depreciation and amortisation expenses	7	986,958	830,702	835,082	714,455
Management rights amortisation	7	145,552	-	-	-
Insurance expenses		532,551	614,096	458,143	539,355
Financial, legal and regulatory expenses		645,106	221,955	635,036	213,099
Marketing expenses		1,284,132	1,324,469	1,230,118	1,295,842
Information technology expenses		1,318,552	1,168,274	1,159,733	1,055,491
Occupancy expenses		1,166,766	1,185,061	897,165	864,265
Other expenses		1,434,157	972,763	1,010,679	795,121
Total expenses		**24,876,697**	**21,255,754**	**19,737,872**	**17,812,443**
Profit before income tax expense		**14,754,761**	**11,807,648**	**11,980,738**	**10,006,222**
Income tax expense	8	4,189,410	3,664,144	3,296,075	3,120,971
Profit from continuing operations		**10,565,351**	**8,143,504**	**8,684,663**	**6,885,251**
Profit for the period		**10,565,351**	**8,143,504**	**8,684,663**	**6,885,251**
Profit attributable to members of the parent entity		**10,565,351**	**8,143,504**	**8,684,663**	**6,885,251**
Earnings per share					
- Basic (cents per share)	29	133.35	105.18		
- Diluted (cents per share)	29	131.79	104.28		

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

Balance Sheet as at 30 June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$	$	$	$
Current assets					
Cash and cash equivalents	37	1,473,219	1,051,510	771,688	483,942
Trade and other receivables	11	6,141,928	4,830,215	5,633,046	4,383,331
Prepaid expenses		616,813	497,336	571,686	465,037
Other current financial assets	12	10,638,825	11,262,686	10,638,825	11,262,686
Total current assets		**18,870,785**	**17,641,747**	**17,615,245**	**16,594,996**
Non-current assets					
Trade and other receivables	13	143,994	148,214	143,994	148,214
Other financial assets	14	4,232,442	8,083,574	26,381,851	22,879,549
Reserve fund	18	5,700,000	6,200,000	5,700,000	6,200,000
Property, plant & equipment	15	1,474,896	1,282,793	1,063,285	868,383
Intangible assets	16	21,616,221	20,408,197	1,764,036	1,273,839
Deferred tax assets	8	1,742,654	1,141,859	1,520,193	1,007,357
Goodwill	19	8,620,303	4,105,658	-	-
Total non-current assets		**43,530,510**	**41,370,295**	**36,573,359**	**32,377,342**
Total assets		**62,401,295**	**59,012,042**	**54,188,604**	**48,972,338**
Current liabilities					
Trade and other payables	20	1,168,254	847,238	659,316	284,938
Provisions	21	2,588,196	2,850,089	2,472,686	2,783,621
Other current liabilities	22	1,790,135	5,614,055	310,724	439,055
Current tax payable	8	1,921,738	1,905,921	1,921,738	1,905,921
Total current liabilities		**7,468,323**	**11,217,303**	**5,364,464**	**5,413,535**
Non-current liabilities					
Provisions	23	1,340,411	1,206,293	1,070,571	1,042,613
Other non-current liabilities	24	282,847	360,045	319,501	282,746
Deferred tax liabilities - investment revaluation	8	1,305,136	1,790,171	1,305,136	1,790,171
Total non-current liabilities		**2,928,394**	**3,356,509**	**2,695,208**	**3,115,530**
Total liabilities		**10,396,717**	**14,573,812**	**8,059,672**	**8,529,065**
Net assets		**52,004,578**	**44,438,230**	**46,128,932**	**40,443,273**
Equity					
Issued capital	26	34,492,421	29,469,242	34,492,421	29,469,242
Investment revaluation reserve	28	3,106,094	4,241,007	3,106,094	4,241,007
Other reserves	27	3,030,128	2,422,530	3,030,128	2,422,530
Retained earnings		11,375,935	8,305,451	5,500,289	4,310,494
Equity attributable to equity holders of the parent		**52,004,578**	**44,438,230**	**46,128,932**	**40,443,273**
Total equity		**52,004,578**	**44,438,230**	**46,128,932**	**40,443,273**

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 2008

Consolidated	Fully paid ordinary shares	Reserves General	Investment revaluation	Capital profit	Retained earnings	Equity settled employee benefits
	$	$	$	$	$	$
Balance at 1 July 2006	26,122,159	1,500,000	3,418,684	254,201	4,790,228	271,329
Increase from revaluation of available for sale investments	-	-	1,680,434	-	-	-
Related income tax	-	-	(451,517)	-	-	-
Net income recognised directly in equity	-	-	1,228,917	-	-	-
Profit for the period	-	-	-	-	8,143,504	-
Gain on sale of available for sale investments	-	-	(503,705)	-	-	-
Related income tax	-	-	97,111	-	-	-
Total recognised income and expense	-	-	822,323	-	8,143,504	-
Shares issued under share placement	1,762,100	-	-	-	-	-
Shares issued under dividend reinvestment plan	1,520,668	-	-	-	-	-
Shares issued under employee share acquisition scheme	102,253	-	-	-	-	-
Share issue costs	(56,759)	-	-	-	-	-
Related income tax	18,821					
Provision for executive share entitlements	-	-	-	-	-	377,000
Provision for employee share acquisition plan shares-movement	-	-	-	-	-	20,000
Payment of dividends	-	-	-	-	(4,628,281)	-
Balance at 30 June 2007	29,469,242	1,500,000	4,241,007	254,201	8,305,451	668,329
Decrease from revaluation of available for sale investments	-	-	(931,324)	-	-	-
Related income tax	-	-	284,198	-	-	-
Net income recognised directly in equity	-	-	(647,126)	-	-	-
Profit for the period	-	-	-	-	10,565,351	-
Gain on sale of available for sale investments	-	-	(661,700)	-	-	-
Related income tax	-	-	197,369	-	-	-
Impaired investment	-	-	(26,648)	-	-	-
Related tax	-	-	3,192	-	-	-
Total recognised income and expense	-	-	(1,134,913)	-	10,565,351	-
Shares issued under share placement	2,606,560	-	-	-	-	-
Shares issued under dividend reinvestment plan	2,290,173	-	-	-	-	-
Shares issued under employee share acquisition scheme	113,883	-	-	-	-	-
Share issue costs	(67,582)	-	-	-	-	-
Related income tax	80,145					
Provision for executive share entitlements	-	-	-	-	-	590,598
Provision for employee share acquisition plan shares-movement	-	-	-	-	-	17,000
Payment of dividends	-	-	-	-	(7,494,867)	-
Balance at 30 June 2008	34,492,421	1,500,000	3,106,094	254,201	11,375,935	1,275,927

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

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Company			Reserves			
	Fully paid ordinary shares	General	Investment revaluation	Capital profit	Retained earnings	Equity settled employee benefits
	$	$	$	$	$	$
Balance at 1 July 2006	26,122,159	1,500,000	3,418,684	254,201	2,053,524	271,329
Increase from revaluation of available for sale investments	-	-	1,680,434	-	-	-
Related income tax	-	-	(451,517)	-	-	-
Net income recognised directly in equity	-	-	1,228,917	-	-	-
Profit for the period	-	-	-	-	6,885,251	-
Gain on sale of available for sale investments	-	-	(503,705)	-	-	-
Related income tax	-	-	97,111	-	-	-
Total recognised income and expense	-	-	822,323	-	6,885,251	-
Shares issued under share placement	1,762,100	-	-	-	-	-
Shares issued under dividend reinvestment plan	1,520,668	-	-	-	-	-
Shares issued under employee share acquisition scheme	102,253	-	-	-	-	-
Share issue costs	(56,759)	-	-	-	-	-
Related income tax	18,821	-	-	-	-	-
Provision for executive share entitlements	-	-	-	-	-	377,000
Provision for employee share acquisition plan shares-movement	-	-	-	-	-	20,000
Payment of dividends	-	-	-	-	(4,628,281)	-
Balance at 30 June 2007	29,469,242	1,500,000	4,241,007	254,201	4,310,494	668,329
Decrease from revaluation of available for sale investments	-	-	(931,324)	-	-	-
Related income tax	-	-	284,198	-	-	-
Net income recognised directly in equity	-	-	(647,126)	-	-	-
Profit for the period	-	-	-	-	8,684,663	-
Gain on sale of available for sale investments	-	-	(661,700)	-	-	-
Related income tax	-	-	197,369	-	-	-
Impaired investment	-	-	(26,648)	-	-	-
Related tax	-	-	3,192	-	-	-
Total recognised income and expense	-	-	(1,134,913)	-	8,684,663	-
Shares issued under share placement	2,606,560	-	-	-	-	-
Shares issued under dividend reinvestment plan	2,290,173	-	-	-	-	-
Shares issued under employee share acquisition scheme	113,883	-	-	-	-	-
Share issue costs	(67,582)	-	-	-	-	-
Related income tax	80,145	-	-	-	-	-
Provision for executive share entitlements	-	-	-	-	-	590,598
Provision for employee share acquisition plan shares-movement	-	-	-	-	-	17,000
Payment of dividends	-	-	-	-	(7,494,868)	-
Balance at 30 June 2008	34,492,421	1,500,000	3,106,094	254,201	5,500,289	1,275,927

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

Cash Flow Statement for the Financial Year Ended 30 June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$	$	$	$
Cash flows from operating activities					
Receipts from customers		39,736,283	33,887,234	31,440,969	27,709,185
Payments to suppliers and employees		(26,777,237)	(23,519,473)	(21,232,450)	(19,482,748)
Income tax paid		(4,648,458)	(3,407,868)	(4,648,458)	(3,407,868)
Net cash provided by operating activities	37 (b)	**8,310,588**	**6,959,893**	**5,560,061**	**4,818,569**
Cash flows from investing activities					
Payment for investment securities		(516,270)	(1,371,233)	(516,271)	(1,371,233)
Proceeds on sale of investment securities		3,694,850	1,302,876	3,694,850	1,302,876
Interest received		901,841	631,091	852,534	597,177
Dividends received		362,726	329,611	362,726	329,611
Proceeds from repayment of related party loans		-	4,502	2,588,018	1,660,616
Payment for property, plant and equipment		(695,076)	(995,137)	(611,622)	(475,950)
Payment for intangible assets		(689,386)	(618,138)	(689,386)	(618,138)
Amounts advanced to related parties		-	-	(4,804,943)	-
Payment for businesses	35	(8,906,488)	-	(4,107,145)	-
Net cash (used in)/provided by investing activities		**(5,847,803)**	**(716,428)**	**(3,231,239)**	**1,424,959**
Cash flows from financing activities					
Proceeds from issue of equity securities		2,606,560	1,760,822	2,606,560	1,760,822
Payment for share issue cost		(67,582)	(56,759)	(67,582)	(56,759)
Dividend paid to members of the parent entity		(5,203,915)	(3,105,554)	(5,203,915)	(3,105,554)
Net cash provided by/(used in) financing activities		**(2,664,937)**	**(1,401,491)**	**(2,664,937)**	**(1,401,491)**
Net (decrease)/increase in cash held		(202,152)	4,841,974	(336,115)	4,842,037
Cash and cash equivalents at beginning of financial year		12,314,196	7,472,222	11,746,628	6,904,591
Cash and cash equivalents at end of financial year	37 (a)	**12,112,044**	**12,314,196**	**11,410,513**	**11,746,628**

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 2008

1. General information

Equity Trustees Limited (the Company) is a public company listed on the Australian Stock 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 33) are referred to as 'the Group' in the following notes.

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the consolidated 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 28 August 2008.

Basis of preparation

The financial report has 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 unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are set out below, management is 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. Refer to note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

Adoption of new and revised accounting standards

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

Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure

- AASB 101 'Presentation of Financial Statements (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

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

a. 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 results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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.

2. Significant accounting policies (cont.)

a. Basis of consolidation (cont.)

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

b. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

c. 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.

d. Comparative amounts

Comparative amounts have, where appropriate, been reclassified in the notes to the financial statements in order to ensure compatibility with amended classifications in the current reporting period. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of equity, or the profit/(loss) of the Company or Group as reported in the prior financial report. Changes to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities as a result of reclassification of comparative amounts are explained in the relevant notes to the accounts for each of those categories.

e. 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 employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months 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 the reporting date.

Defined contribution plans

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

f. Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: 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.

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f. Financial assets (cont.)

Cash and cash equivalents

Cash and cash equivalents includes cash at bank which is included under cash and cash equivalents in the balance sheet and also short term deposits which are included under other current financial assets.

Available-for-sale financial assets

Certain 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 38. Gains and losses arising from changes in fair value are recognised directly in the investment revaluation reserve with the exception of impairment losses, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment revaluation reserve is included in profit or loss for the period.

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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where 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 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 original effective interest rate.

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.

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, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or 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.

g. Financial instruments issued by the company

Debt and equity instruments

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

2. Significant accounting policies (cont.)

g. Financial instruments issued by the company (cont.)

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and 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 the revenue recognition policies described in note 2 (r).

Other financial liabilities

The financial liabilities of the Group are classified as other financial liabilities. 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.

h. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except

a. 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
b. 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.

i. Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs) and then to the other assets of the CGU (or group of CGUs) pro-rata on the basis of the carrying amount of each asset in the CGU (or group of CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

j. Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which it becomes receivable.

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k. Impairment of other tangible and intangible assets

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 the asset does not generate cash flows that are independent from other assets, 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 pre-tax 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, 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 (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

l. Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or

2. Significant accounting policies (cont.)

i. Income tax (cont.)

substantively enacted by reporting date. 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 reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis, apart from the deferred tax liability arising in relation to the investment revaluation reserve recognised directly in equity, which is shown separately.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

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. 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 the company and each member of the 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. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

m. Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Management rights

Management rights relating to the acquisition of the Wealthpac Mastertrust 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 2(k)). Management rights relating to the acquisition of the Freedom of Choice, Templetons Superannuation and Holdfast Fund Services 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.

n. 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.

n. Leased assets (cont.)

Lease incentives

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.

o. Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

p. Property, plant and equipment

Plant and equipment, and leasehold improvements are stated at cost less accumulated depreciation and impairment. Construction in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. 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. The gain or loss arising on disposal or retirement of an item of property, plant and equipment 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 and telecommunication equipment	2 – 8 years
Office furniture and equipment	2 – 15 years
Leasehold assets	2 – 8 years

q. 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.

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.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 ‘Provisions, Contingent Liabilities and Contingent Assets’ and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 ‘Revenue’.

r. 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.

Corpus commission

Subject to a grant of probate, corpus commission is recognised as revenue based upon stage of completion.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder’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.

2. Significant accounting policies (cont.)

s. Share-based payments

Equity-settled share-based payments with 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. At each reporting date, 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 over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

Where equity-settled share-based payments are intended to be made but not granted at reporting date, a provision is made in the accounts for the expected cost in relation to the reporting period.

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.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005. There were no cash-settled share-based payments.

t. Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective. Initial application of the following Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the company's financial report:

AASB 101 'Presentation of Financial Statements' (revised September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 8 'Operating Segments'	Effective for annual reporting periods beginning on or after 1 January 2009

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the company:

AASB 123 'Borrowing Costs' (revised)	Effective for annual reporting periods beginning on or after 1 January 2009

The potential effect of the initial application of the expected issue of an Australian equivalent accounting standard to the following Standard has not yet been determined:

AASB 3 'Business Combinations' and AASB 127 'Separate and Consolidated Financial Statements'	Effective for annual reporting periods beginning on or after 1 July 2009
AASB 2008-1 'Amendments to Australian Accounting Standards – Share-based Payment: Vesting Conditions and Cancellations'	Effective for annual reporting periods beginning on or after 1 July 2009

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Employee Entitlements

Management 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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.

The carrying amount of goodwill is $8,620,303 and $19,651,884 for the management rights at 30 June 2008 (2007: $4,105,658 goodwill and $19,054,358 management rights). No impairment has been identified (30 June 2007: nil).

Intangible assets

The useful lives of intangible assets with finite lives 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.

Useful lives of property, plant and equipment

As described in note 2 (p) the Group reviews the estimated useful lives of property, plant and equipment 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 property, plant and equipment.

Claims

As described in note 21 the claims provision represents the director's best estimate of the future outflow of economic benefits that will be required to settle identified outstanding issues.

4. Discontinued Operations

The Group did not have any discontinued operations. (2007: nil).

5. Revenue

An analysis of the Group's revenue for the year is as follows:

	Consolidated		Company	
	2008	2007	2008	2007
Continuing operations	$	$	$	$
Revenue from service activities	37,877,319	31,128,693	30,060,369	26,006,180
Rental revenue	51,690	104,310	6,055	16,000
Interest revenue				
-Bank deposits	129,115	67,007	78,852	33,093
-Investments	770,823	731,770	770,823	731,770
Dividends	362,872	337,228	362,872	337,228
Gain on sale of available-for-sale investments	439,639	694,394	439,639	694,394
	1,754,139	1,934,709	1,658,241	1,812,485
Total revenue	39,631,458	33,063,402	31,718,610	27,818,665

6. Finance cost

Neither the Group nor the Company have any borrowing. The finance cost for the year is nil (2007:$nil).

7. Profit for the year

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
a. Gains and losses				
Profit/(loss) for the year has been arrived at after crediting/ (charging) the following gains and losses:				
Gain/(loss) on disposal of investments	(222,061)	190,689	(222,061)	190,689
Reversal of gain from equity on disposal of investments classified as available-for-sale	661,700	503,705	661,700	503,705
Government grants received for staff training	7,500	14,000	7,500	14,000
	447,139	708,394	447,139	708,394
Loss on disposal of property, plant and equipment	(60,903)	(6,450)	(46,340)	(6,450)
	386,236	701,944	400,799	701,944
b. Other expenses				
Profit for the year includes the following expenses:				
Depreciation of non-current assets	506,234	348,598	381,742	252,351
Amortisation of non-current assets	480,724	482,104	453,340	462,104
	986,958	830,702	835,082	714,455
Amortisation of management rights	145,552	-	-	-
Impairment of financial instrument [i]	224,899	-	224,899	-
	1,357,409	830,702	1,059,981	714,455

i. Management has determined that there was a permanent impairment in the value of one of the financial asset instruments and has recognised this impairment in the profit and loss account. (2007: nil)

Claims provided for and settlement of litigation	-	35	-	35
Operating lease rental expenses:				
- Minimum lease payments	1,036,341	1,052,461	746,740	731,717
- Sub-lease payments received	(51,690)	(104,310)	(6,055)	(16,000)
	984,651	948,151	740,685	715,717
Employee benefit expense:				
Post employment benefits:				
- Defined contribution plan (Superannuation)	1,053,641	936,886	817,904	702,926
Share-based payments:				
- Equity-settled share-based payments	721,481	500,000	721,481	500,000
Other employee benefits	14,373,651	11,937,780	11,097,417	9,900,076
	16,148,773	13,374,666	12,636,802	11,103,002

8. Income taxes

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
a. Income tax expense recognised in the income statement				
Income tax expense comprises:				
Current income tax expense	4,578,253	3,736,473	3,634,415	3,108,201
Adjustments recognised in the current year in relation to the current tax of prior years	7,932	10,256	1,863	10,245
Deferred tax expense relating to the origination and reversal of temporary differences	(396,775)	(82,585)	(340,203)	2,525
Total income tax expense	4,189,410	3,664,144	3,296,075	3,120,971
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Profit from operations	14,754,761	11,807,648	11,980,737	10,006,222
Income tax expense calculated at 30%	4,426,428	3,542,295	3,594,221	3,001,867
Non-deductible expenses	(147,609)	205,385	(202,668)	202,651
Other	(97,341)	(93,792)	(97,341)	(93,792)
	4,181,478	3,653,888	3,294,212	3,110,726
(Over)/under provision for income tax expense in previous year	7,932	10,256	1,863	10,245
	4,189,410	3,664,144	3,296,075	3,120,971

The tax rate used in the above reconciliation 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.

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
b. Income tax expense recognised directly in equity				
The following current and deferred amounts were charged directly to equity during the period:				
Current tax:				
Revaluations of available-for-sale securities	(284,198)	459,219	(284,198)	459,219
Share issue expenses deductible over 5 years	(22,877)	(18,821)	(22,877)	(18,821)
	(307,075)	440,398	(307,075)	440,398
c. Current tax assets and liabilities				
Current tax payables:				
Income tax payable attributable to:				
Parent entity	1,819,872	1,905,921	1,819,872	1,905,921
Entities in the tax-consolidated group	101,866	-	101,866	-
	1,921,738	1,905,921	1,921,738	1,905,921
d. Deferred tax balances				
Deferred tax liabilities comprise:				
Temporary differences – investment revaluation	1,305,136	1,790,171	1,305,136	1,790,171
Deferred tax assets comprise:				
Temporary differences	1,742,654	1,141,859	1,520,193	1,007,357

EQUITY Trustees

d. Deferred tax balances (cont.)

Taxable and deductible temporary differences arise from the following:

	Consolidated				
2008	**Opening balance $**	**Charged to income $**	**Charged to equity $**	**Acquisitions / disposals $**	**Closing balance $**
Gross deferred tax liabilities:					
Available-for-sale investments	1,790,171	(200,837)	(284,198)	-	1,305,136
Gross deferred tax assets:					
Provisions	1,233,351	517,691	-	-	1,751,042
Expenditure deductible over 5 years	10,597	109,655	-	-	120,252
Property, plant and equipment	28,364	23,612	-	-	51,976
Intangible assets	(130,453)	(50,163)	-	-	(180,616)
	1,141,859	600,795	-	-	1,742,654
2007					
Gross deferred tax liabilities:					
Available-for-sale investments	1,428,063	(97,111)	459,219	-	1,790,171
Gross deferred tax assets:					
Provisions	1,090,104	143,247	-	-	1,233,351
Expenditure deductible over 5 years	15,894	(5,297)	-	-	10,597
Property, plant and equipment	16,483	11,881	-	-	28,364
Intangible assets	(67,650)	(62,803)	-	-	(130,453)
	1,054,831	87,028	-	-	1,141,859

	Company				
2008	**Opening balance $**	**Charged to income $**	**Charged to equity $**	**Acquisitions / disposals $**	**Closing balance $**
Gross deferred tax liabilities:					
Available-for-sale investments	1,790,171	(200,837)	(284,198)	-	1,305,136
Gross deferred tax assets:					
Provisions	1,104,336	433,880	-	-	1,538,216
Expenditure deductible over 5 years	10,597	109,655	-	-	120,252
Property, plant and equipment	22,877	19,464	-	-	42,341
Intangible assets	(130,453)	(50,163)	-	-	(180,616)
	1,007,357	512,836	-	-	1,520,193
2007					
Gross deferred tax liabilities:					
Available-for-sale investments	1,428,063	(97,111)	459,219	-	1,790,171
Gross deferred tax assets:					
Provisions	1,044,972	59,364	-	-	1,104,336
Expenditure deductible over 5 years	15,894	(5,297)	-	-	10,597
Property, plant and equipment	17,114	5,763	-	-	22,877
Intangible assets	(67,650)	(62,803)	-	-	(130,453)
	1,010,330	(2,973)	-	-	1,007,357

The Group has no unrecognised deferred tax balances.

8. Income taxes (cont.)

e. Tax consolidation

Relevance of tax consolidation to the Group

The company and its wholly-owned Australian resident entities formed a tax consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Equity Trustees Limited. The members of the tax consolidated group are identified at note 33.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Equity Trustees Limited and each of the entities in the tax consolidated group has agreed to pay or receive a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

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

9. Key management personnel remuneration

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
The aggregate compensation made to key management personnel of the Company and the Group is set out below.				
Short term employee benefits	1,190,826	1,314,684	1,030,509	1,036,532
Post employment benefits (Superannuation)	164,468	75,686	60,364	56,826
Other long term benefits	18,183	15,854	13,976	11,195
Share awards	307,391	200,668	294,787	200,668
Employee share acquisition plan	4,940	4,910	3,952	3,928
	1,685,808	1,611,802	1,403,588	1,309,149

Full details of the remuneration of specified directors and key management personnel for the year ended 30 June 2008 are outlined in the Directors' Report.

The share awards of the specified executive director and key management personnel for the year ended 30 June 2008 are outlined in the Directors' Report. Details of movements in holdings of share awards of key management personnel are contained in note 36.

10. Auditor's remuneration

	Consolidated		Company	
	2008	2007	2008	2007
Auditors - Deloitte Touche Tohmatsu	$	$	$	$
Corporate Entities				
Audit & Assurance Services				
Audit and review of the consolidated financial statements	197,779	172,940	161,593	144,600
Audit services in accordance with regulatory requirements	48,270	45,535	43,830	41,690
Other assurance services	21,462	-	21,462	-
	267,511	218,475	226,885	186,290
Other services				
Tax compliance services in respect of Group corporate entities	63,550	32,615	55,550	16,115
Other services	18,425	35,945	18,425	9,500
Total remuneration for corporate entities	349,486	287,035	300,860	211,905
Managed Funds and Superannuation Funds				
Audit & Assurance Services				
Audit and review of the managed funds and superannuation funds*	739,070	400,207	632,860	329,820
Audit services in accordance with regulatory requirements	250,754	232,336	221,354	187,243
	989,824	632,543	854,214	517,063
Other services				
Taxation compliance services and review of constitutions, disclosure documents and tax returns for the Group's managed funds	204,565	120,192	204,565	120,192
Total remuneration for managed funds and superannuation funds	1,194,389	752,735	1,058,779	637,255

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.

* These fees were paid for the audit of 66 managed funds (2007: 48 managed funds).

11. Current trade and other receivables

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Trade receivables [i]	2,471,916	2,873,323	2,380,353	2,686,380
Allowance for doubtful debts	(91,880)	(80,746)	(91,880)	(80,746)
Other	3,761,892	2,037,638	3,344,573	1,777,697
	6,141,928	4,830,215	5,633,046	4,383,331

i. Trade receivables

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 delaying 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) or the registrable superannuation entity committee (SCC) 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 $436,059 (2007: $567,544) 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 includes accrued income, corpus commission, and dividends receivable.

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Trade receivables ageing of past due but not impaired				
Under 30 days	219,210	66,852	148,418	66,852
30 - 60 days	68,207	253,221	55,246	253,221
Over 60 days	148,642	247,471	140,832	247,471
	436,059	567,544	344,496	567,544

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Movement in the allowance for doubtful debts				
Balance at beginning of the year	(80,746)	(40,947)	(80,746)	(40,947)
Impairment losses recognised on trade receivables	(50,070)	(57,140)	(50,070)	(57,140)
Amounts written off as uncollectible	1,050	-	1,050	-
Impairment losses reversed	37,886	17,341	37,886	17,341
Balance at end of the year	(91,880)	(80,746)	(91,880)	(80,746)

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.

12. Other current financial assets

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Cash and cash equivalents -short term deposits				
Short term deposits	10,638,825	11,262,686	10,638,825	11,262,686

The prior year comparative figure for other current financial assets of $11,262,686 has been subject to a reclassification with $1,596,676 being reclassified from current other financial assets to other non-current financial assets. The reclassification has been made as it has been determined that certain managed investment scheme investments are non-current assets.

13. Non-current trade and other receivables

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Corpus commission earned but not collected	143,994	148,214	143,994	148,214

14. Other non-current financial assets

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Investments at cost:				
Shares in subsidiaries	-	-	4,188,733	12
Available-for-sale investments carried at fair value:				
Australian equities, hybrid shares and managed investments schemes	4,232,442	8,083,574	4,232,441	8,083,574
Loans carried at amortised cost:				
Intercompany loans	-	-	17,960,677	14,795,963
Total	4,232,442	8,083,574	26,381,851	22,879,549

The intercompany loans are non-interest bearing and repayable on demand.

The prior year comparative figure for other non-current financial assets available-for-sale investments carried at fair value of $8,083,574 has been subject to a reclassification with $1,596,676 of investments being reclassified from current other financial assets to other non-current financial assets. The reclassification has been made as it has been determined that certain managed investment scheme investments are non-current assets.

15. Property, plant and equipment

	Consolidated			
	Computer & telecom equipment at cost	Leasehold improve-ments at cost	Office furniture & equipment at cost	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2006	758,751	318,677	432,740	1,510,168
Additions	263,339	167,102	496,546	926,987
Disposals	(1,761)	-	(29,742)	(31,503)
Balance at 1 July 2007	1,020,329	485,779	899,544	2,405,652
Additions	462,443	120,622	165,037	748,102
Disposals	(318,597)	-	(99,939)	(418,536)
Balance at 30 June 2008	1,164,175	606,401	964,642	2,735,218
Accumulated depreciation/amortisation and impairment				
Balance at 1 July 2006	360,312	162,037	281,881	804,230
Disposals	(302)	-	(29,667)	(29,969)
Depreciation expense	149,377	77,775	121,446	348,598
Balance at 1 July 2007	509,387	239,812	373,660	1,122,859
Disposals	(285,825)	-	(82,946)	(368,771)
Depreciation expense	217,778	134,215	154,241	506,234
Balance at 30 June 2008	441,340	374,027	444,955	1,260,322
Net book value				
As at 30 June 2007	510,942	245,967	525,884	1,282,793
As at 30 June 2008	722,835	232,374	519,687	1,474,896

	Company			
	Computer & telecom equipment at cost	Leasehold improve-ments at cost	Office furniture & equipment at cost	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2006	758,751	318,677	309,107	1,386,535
Additions	263,339	167,102	45,509	475,950
Disposals	(1,761)	-	(29,742)	(31,503)
Balance at 1 July 2007	1,020,329	485,779	324,874	1,830,982
Additions	462,443	120,622	28,781	611,846
Disposals	(318,597)	-	(67,324)	(385,921)
Balance at 30 June 2008	1,164,175	606,401	286,331	2,056,907
Accumulated depreciation/amortisation and impairment				
Balance at 1 July 2006	360,312	162,037	217,868	740,217
Disposals	(302)	-	(29,667)	(29,969)
Depreciation expense	149,377	77,775	25,199	252,351
Balance at 1 July 2007	509,387	239,812	213,400	962,599
Disposals	(285,825)	-	(64,894)	(350,719)
Depreciation expense	217,778	134,215	29,749	381,742
Balance at 30 June 2008	441,340	374,027	178,255	993,622
Net book value				
As at 30 June 2007	510,942	245,967	111,474	868,383
As at 30 June 2008	722,835	232,374	108,076	1,063,285

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Aggregate depreciation recognised as an expense during the year:				
Computer & telecom equipment	217,778	149,377	217,778	149,377
Leasehold improvements	134,215	77,775	134,215	77,775
Office furniture and equipment	154,241	121,446	29,749	25,199
	506,234	348,598	381,742	252,351

No depreciation was capitalised.

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

16. Intangible assets

	Consolidated			
	Computer Software	Leasehold makegood	Management rights	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2006	1,833,110	309,738	17,937,616	20,080,464
Additions	583,583	100,000	1,116,742	1,800,325
Disposals	(5,460)	-	-	(5,460)
Balance at 1 July 2007	2,411,233	409,738	19,054,358	21,875,329
Additions	1,084,787	17,573	743,078	1,845,438
Disposals	(334,119)	-	-	(334,119)
Balance at 30 June 2008	3,161,901	427,311	19,797,436	23,386,648
Accumulated amortisation and impairment				
Balance at 1 July 2006	810,957	174,227	-	985,184
Amortisation expense [i]	326,593	155,511	-	482,104
Disposals	(156)	-	-	(156)
Balance at 1 July 2007	1,137,394	329,738	-	1,467,132
Amortisation expense [i]	454,866	25,858	145,552	626,276
Disposals	(322,981)	-	-	(322,981)
Balance at 30 June 2008	1,269,279	355,596	145,552	1,770,427
Net book value				
As at 30 June 2007	1,273,839	80,000	19,054,358	20,408,197
As at 30 June 2008	1,892,622	71,715	19,651,884	21,616,221

	Company			
	Computer Software	Leasehold makegood	Management rights	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2006	1,833,110	309,738	-	2,142,848
Additions	583,583	-	-	583,583
Disposals	(5,460)	-	-	(5,460)
Balance at 1 July 2007	2,411,233	309,738	-	2,720,971
Additions	937,102	17,573	-	954,675
Disposals	(334,119)	-	-	(334,119)
Balance at 30 June 2008	3,014,216	327,311	-	3,341,527
Accumulated amortisation and impairment				
Balance at 1 July 2006	810,957	174,227	-	985,184
Amortisation expense [i]	326,593	135,511	-	462,104
Disposals	(156)	-	-	(156)
Balance at 1 July 2007	1,137,394	309,738	-	1,447,132
Amortisation expense [i]	447,482	5,858	-	453,340
Disposals	(322,981)	-	-	(322,981)
Balance at 30 June 2008	1,261,895	315,596	-	1,577,491
Net book value				
As at 30 June 2007	1,273,839	-	-	1,273,839
As at 30 June 2008	1,752,321	11,715	-	1,764,036

i. 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. The Wealthpac Master Trust management rights have an indefinite life and the other management rights have finite lives. Details regarding the current year acquisitions of management right are contained in note 35.

Management has reviewed the useful life of the Wealthpac 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.

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Wealthpac Master Trust	17,937,616	17,937,616	-	-
Freedom of Choice	1,038,688	1,116,742	-	-
Templetons Superannuation Management Pty Ltd	284,631	-	-	-
Holdfast Fund Services Pty Limited	390,949	-	-	-
	19,651,884	19,054,358	-	-

17. Reserve fund

The Trustee Companies Act 1984, Section 36, requires that a Reserve Fund be provided, the value of which shall not be less than five-tenths of one per centum of the value of that part of the trust estates in Victoria committed to the administration of the trustee company and five-tenths of one per centum of the value of money received in Victoria for investment in a Common Fund to which Section 4 (1)(m) of the Trustee Act 1958 applies.

Section 39 (3) of the Act provides that:

In the event of the appointment of a liquidator, a receiver, a receiver and manager or an official manager of a trustee company, moneys in its reserve fund are available for the following purposes

a. First, for the payment of sums due from the trustee company to estates committed to the trustee company's administration or management in Victoria;
b. Secondly, for the payment of sums due from the trustee company to persons in respect of moneys (not being an estate or part of an estate) paid in Victoria to the trustee company for investment in a common fund;
c. Thirdly, for the payment of sums due from the trustee company to estates committed to the trustee company's administration of management outside Victoria;
d. Fourthly, for the payment of sums due from the trustee company to persons in respect of moneys (not being an estate or part of an estate) paid outside Victoria to the trustee company for investment in a common fund; and
e. Fifthly, for the payment of debts of the trustee company.

18. Reserve fund investments

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Australian equities, hybrid shares and managed investment schemes	5,700,000	6,200,000	5,700,000	6,200,000

The above investments have been appropriated to the Reserve Fund which is in excess of the Reserve Liability requirements of the Company pursuant to Section 36 of the Trustee Companies Act 1984.

The prior year comparative figure for Reserve Fund of $6,200,000 included under non-current assets has been subject to a reclassification with $3,100,000 of the Reserve Fund being reclassified from current assets to non-current assets. The reclassification has been made as it has been determined that the Reserve Fund is appropriately recorded entirely as a non-current asset.

The Reserve Fund calculation as at 30 June 2008 is $5,666,250 (2007: $6,128,103).

19. Goodwill

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Balance at beginning of the financial year	4,105,658	-	-	-
Amounts recognised from business combinations occurring during the year	4,522,304	4,105,658	-	-
Adjustment on finalisation of acquisition accounting	(7,659)	-	-	-
Balance at end of the financial year	8,620,303	4,105,658	-	-

During the financial year the Group assessed the recoverable amount of goodwill and determined that no impairment had occurred (2007: nil).

Allocation of goodwill to cash-generating units

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

- Equity Trustees Superannuation Limited Group (ETSL Group)
- Equity Trustees Limited - Funds Management Segment (FM Segment)

The carrying amounts of goodwill allocated to the ETSL Group and FM Segment 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	
	2008	2007
	$	$
Equity Trustees Superannuation Limited Group (ETSL Group)	4,940,560	4,105,658
Equity Trustees Limited - Funds Management Segment (FM Segment)	3,679,743	-
	8,620,303	4,105,658

Group of cash-generating units

Equity Trustees Superannuation Limited Group (ETSL Group).

ETSL Group comprises of Equity Trustees Superannuation Limited (ETSL), Equity Superannuation Management Pty Ltd (formerly Templetons Superannuation Management Pty Ltd), Equity Investment Management Limited (EIML) and two non-trading subsidiaries. These companies effectively operate as a single business to provide superannuation services.

The recoverable amount of the ETSL Group 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 further 25 year period based on a conservative rate of growth. These cashflows are discounted at an appropriate risk adjusted rate. Management believes that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the ETSL Group.

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.

Equity Trustees Limited - Funds Management Segment (FM segment)

The goodwill relating to the Holdfast Fund Services business has been allocated to the FM segment due to synergistic benefits provided by the FM segment to the Holdfast Fund Services business. The recoverable amount of the FM 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 further 25 year period based on a conservative rate of growth. These cashflows are discounted at an appropriate risk adjusted rate. Management believes that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the FM 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.

20. Current trade and other payables

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Trade payables [i]	838,060	693,247	520,256	138,689
Goods and services tax payable	330,194	153,991	139,060	146,249
	1,168,254	847,238	659,316	284,938

i. The Group's policy is to pay all invoices within 30 days of receipt. No interest charges have been incurred on trade payables.

21. Current provisions

	Consolidated				
	Claims [i]	Equity Trustees Foundation Donation [ii]	Employee Benefits (note 25)	Other [iii]	Total
	$	$	$	$	$
Balance at 1 July 2007	250,000	110,000	2,022,724	467,365	2,850,089
Additional provisions recognised	-	145,000	-	447,492	592,492
Reductions arising from payments	-	(110,000)	-	(568,256)	(678,256)
Reductions resulting from re-measurement or settlement without cost	-	-	-	-	-
Other movements	-	-	(176,129)	-	(176,129)
Balance at 30 June 2008	250,000	145,000	1,846,595	346,601	2,588,196

	Company				
	Claims [i]	Equity Trustees Foundation Donation [ii]	Employee Benefits (note 25)	Other [iii]	Total
	$	$	$	$	$
Balance at 1 July 2007	250,000	110,000	1,956,256	467,365	2,783,621
Additional provision recognised	-	145,000	-	446,591	591,591
Reductions arising from payments	-	(110,000)	-	(568,256)	(678,256)
Reductions resulting from re-measurement or settlement without cost	-	-	-	-	-
Other movements	-	-	(224,270)	-	(224,270)
Balance at 30 June 2008	250,000	145,000	1,731,986	345,700	2,472,686

i. The claim provision represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required to settle the current outstanding issue that has been provided for.

ii. The Equity Trustees Foundation donation provision is the directors' best estimate of the amount that will be donated to the Equity Trustees Foundation in accordance with the Group's policy of donating one percent of before tax operating profit (excluding profit on sale of investments).

iii. Other provision includes the directors' best estimate of amounts required to meet fringe benefit tax and other trade payment obligations that are owing but cannot be fully quantified at year end.

22. Other current liabilities

	Consolidated		Company	
	2008	2007	2008	2007
At amortised cost	$	$	$	$
Corpus commission collected but not earned	306,813	407,594	306,813	407,594
Owing to vendor for purchase of business	1,479,411	5,175,000	-	-
Other	3,911	31,461	3,911	31,461
	1,790,135	5,614,055	310,724	439,055

The prior year comparative figure for other current liabilities - other has been subject to a reclassification with $158,244 (lease related liabilities) being reclassified from current liabilities to non-current liabilities as it has been determined that this amount is non-current.

23. Non-current provisions

	Consolidated				
	Claims	Makegood [i]	Employee Benefits (note 25)	Other	Total
	$	$	$	$	$
Balance at 1 July 2007	-	476,488	729,805	-	1,206,293
Additional provisions recognised	-	48,035	-	-	48,035
Other movements	-	-	86,083	-	86,083
Balance at 30 June 2008	-	524,523	815,888	-	1,340,411

	Company				
	Claims	Makegood [i]	Employee Benefits (note 25)	Other	Total
	$	$	$	$	$
Balance at 1 July 2007	-	376,488	666,125	-	1,042,613
Additional provisions recognised	-	48,035	-	-	48,035
Other movements	-	-	(20,077)	-	(20,077)
Balance at 30 June 2008	-	424,523	646,048	-	1,070,571

i. 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.

24. Other non-current liabilities

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Amounts owing to controlled entity	-	-	184,926	89,507
Lease related liabilities	247,852	325,050	99,580	158,244
Corpus commission collected but not earned	34,995	34,995	34,995	34,995
	282,847	360,045	319,501	282,746

The prior year comparative figure for other non-current liabilities - lease related liabilities has been subject to a reclassification with $158,244 being reclassified from current liabilities to non-current liabilities as it has been determined that this amount is non-current.

25. Employee benefits

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
The aggregate employee benefits liability recognised and included in the financial statements is as follows:				
Provision for employee benefits:				
Current (note 21)				
- Annual leave	447,537	342,647	334,389	277,193
- Long service leave	18,088	31,268	16,627	30,254
- Bonus	1,296,504	1,477,315	1,296,504	1,477,315
- Directors' retiring allowance	84,466	171,494	84,466	171,494
	1,846,595	2,022,724	1,731,986	1,956,256
Non-current (note 23)				
- Annual leave	263,831	203,315	172,312	165,017
- Long service leave	374,315	293,203	295,994	267,821
- Directors' retiring allowance	177,742	233,287	177,742	233,287
	815,888	729,805	646,048	666,125
	2,662,483	2,752,529	2,378,034	2,622,381

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.

26. Issued capital

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
7,998,511 fully paid ordinary shares (2007: 7,827,563)	34,492,421	29,469,242	34,492,421	29,469,242

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.

	2008		2007	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	7,827,563	29,469,242	7,683,444	26,122,159
Shares issued under share placement	81,455	2,606,560	67,643	1,762,100
Shares issued under employee share scheme	3,828	113,883	5,665	102,253
Shares issued under dividend reinvestment plan (DRP)	85,665	2,290,173	70,811	1,520,668
Share issue costs net of tax	-	12,563	-	(37,938)
Balance at end of financial year	7,998,511	34,492,421	7,827,563	29,469,242

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 2008, the managing director and eligible executives have share entitlements over 116,250 ordinary shares (2007: 92,508), in aggregate. Further details of the Plan are contained in the remuneration report within the Directors' Report.

27. Reserves

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
General [i]	1,500,000	1,500,000	1,500,000	1,500,000
Employee equity-settled benefits [ii]	1,275,927	668,329	1,275,927	668,329
Capital profits [iii]	254,201	254,201	254,201	254,201
	3,030,128	2,422,530	3,030,128	2,422,530

The movement in the above reserve accounts is shown in the statement of changes in equity.

i. General reserve

The general reserve was established in the 1980s. There is no policy regarding periodic transfers to or from this reserve to retained earnings.

ii. 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. The Board has approved the issue of shares under the ESAP in relation to the financial year ended 30 June 2008 but as at that date these shares had not been issued. Amounts are transferred out of this reserve and into issued capital when shares are issued under the Plan or when shares are granted under the ESAP.

iii. Capital profits reserve

The capital profits reserve was established on the transfer of profits arising from capital transactions. There is no policy regarding periodic transfers to or from this reserve to retained earnings.

28. 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 2(f)). 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.

29. Earnings per share

	Consolidated 2008	Consolidated 2007
	Cents per share	Cents per share
Basic earnings per share [i]	133.35	105.18
Total basic earnings per share	133.35	105.18
Diluted earnings per share [i]	131.79	104.28
Total diluted earnings per share	131.79	104.28

i. No discontinued operations

	Consolidated 2008	Consolidated 2007
Basic earnings per share The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:	$	$
Earnings [i]	10,565,351	8,143,504
	2008 No.	2007 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	7,923,168	7,742,378

i. No discontinued operations

	Consolidated 2008	Consolidated 2007
Diluted earnings per share The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:	$	$
Earnings [i]	10,565,351	8,143,504
	2008 No.	2007 No.
Weighted average number of ordinary shares for the purposes of diluted earnings per share.	8,016,517	7,809,214

i. No discontinued operations

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 2008	Consolidated 2007
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	7,923,168	7,742,378
Employee share entitlements	93,349	66,836
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	8,016,517	7,809,214

There were no converted, lapsed, or cancelled potential ordinary shares included in the calculation of diluted earnings per share.

30. Dividends

	2008		2007	
	Cents per share	$	Cents per share	$
Recognised amounts				
Fully paid ordinary shares				
Interim dividend: Fully franked (Prior year: Fully franked)	50	3,970,742	30	2,321,548
Final dividend: Fully franked (Prior year: Fully franked)	45	3,524,126	30	2,306,733
		7,494,868		4,628,281
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend: Fully franked (Prior year: Fully franked)	60	4,832,008	45	3,522,403

	Company	
	2008	2007
	$	$
Adjusted franking account balance	5,331,435	5,825,286
Impact on franking account balance of dividends not recognised	2,070,861	1,509,601

31. Commitments for expenditure

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
a. Capital expenditure commitments				
Plant and equipment				
Not longer than 1 year	963,300	140,650	963,300	140,650
1 to 5 years	100,000	-	100,000	-
	1,063,300	140,650	1,063,300	140,650

b. Operating lease commitments

i. There are three non-cancellable property leases with rent payable in advance as follows:

- Expiring 14 December 2009 with lease payment increases of 5% p.a. and an option to renew at the end of the period for a further seven years.
- Expiring 30 June 2010, with lease payment increases of 5.75% p.a.
- Expiring 30 June 2011, in relation to a controlled entity.

ii. There is a printer lease with an expiry date of June 2012 which covers a number of printers. These leases have minimum monthly lease payments and additional charges if usage exceeds a set number of monthly prints.

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Non-cancellable operating lease payments				
Not longer than 1 year	1,150,713	947,669	784,711	675,771
Longer than 1 year and not longer than 5 years	1,426,815	1,928,456	650,306	1,045,750
	2,577,528	2,876,125	1,435,017	1,721,521

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

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Lease incentives				
Current	49,424	18,534	-	-
Non-current	98,848	148,272	-	-
	148,272	166,806	-	-

The Group has no onerous lease contracts.

iii. There are no non-cancellable operating sub-leases (2007: one non-cancellable operating property sublease which expires 30 June 2011).

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Non-cancellable operating lease receivables				
Not longer than 1 year	-	46,747	-	-
Longer than 1 year and not longer than 5 years	-	48,616	-	-
	-	95,363	-	-

32. 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. These contingent liabilities are unchanged from 30 June 2007.

There are no contingent assets (2007: nil)

33. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2008	2007
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%	-
Super.com. Pty Limited	Australia	100%	-
Super.com.au Pty Limited	Australia	100%	-
Holdfast Fund Services Pty Limited	Australia	100%	-

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

All the above subsidiaries are members of the tax consolidated group

34. Segment information

	2008	2007
	$	$
Segment revenues		
Funds Management	17,963,778	14,129,498
Trustee Services and Responsible Entity	19,913,541	16,999,195
Total all segments	37,877,319	31,128,693
Unallocated [i]	1,754,139	1,934,709
Consolidated	39,631,458	33,063,402
[i] Unallocated includes the following:		
Gain on sale of investments	439,639	694,394
Other investment income	1,314,500	1,240,315
Total unallocated	1,754,139	1,934,709
All segment revenues are from external sales.		
Segment result		
Funds Management	9,419,503	7,319,231
Trustee Services and Responsible Entity	14,273,962	11,552,614
Total all segments	23,693,465	18,871,845
Unallocated [ii]	(8,938,704)	(7,064,197)
Profit before income tax expense	14,754,761	11,807,648
Income tax expense	(4,189,410)	(3,664,144)
Profit after income tax expense	10,565,351	8,143,504
[ii] Unallocated includes the following:		
Gains/(loss) on sale of investments	439,639	694,394
Other investment income	1,314,500	1,240,315
Business support services	(10,692,843)	(8,998,906)
Total unallocated	(8,938,704)	(7,064,197)

	Assets		Liabilities	
	2008	2007	2008	2007
	$	$	$	$
Segment assets and liabilities				
Funds Management	31,673,437	26,278,921	2,521,971	6,134,255
Trustee Services and Responsible Entity	4,356,131	2,821,688	591,807	685,818
Total of all segments	36,029,568	29,100,609	3,113,778	6,820,073
Unallocated	26,371,727	29,911,433	7,282,939	7,753,739
Consolidated	62,401,295	59,012,042	10,396,717	14,573,812

Unallocated assets include current and non-current assets that support all the business segments. Unallocated liabilities include current and non-current liabilities that pertain to all segments. Most assets and liabilities support all the business segments and therefore cannot be allocated.

The acquisition of segment assets, depreciation and amortisation of segment assets and other 'non-cash' expenses have not been disclosed as these are attributed to the Group as a whole and not to any particular segment.

Geographical Segments

The Group operates solely in Australia. The Australian market is not divided into further geographic segments as the Group's financial services products are available throughout Australia and the geographic location of the Group's business does not have a significant impact on risk.

35. Acquisition of business

Name of business acquired	Principal activity	Date of acquisition	Proportion acquired	Cost of acquisition
				$
2008				
Mutual Benefit Consulting Business	Superannuation admin	31-Dec-2007	100%	667,449
Equity Superannuation Management Pty Limited (formerly Templetons Superannuation Management Pty Ltd)	Superannuation admin	9-Nov-2007	100%	500,717
Super.com.au Pty Limited	Name protection	30-Apr-2008	100%	4
Holdfast Fund Services Pty Limited	Fund promoter	31-Mar-2008	100%	4,188,721
2007				
Freedom of Choice Superannuation Master Fund and Investor Directed Portfolio Service (IDPS) (Freedom of Choice business)	Superannuation fund and IDPS	29-Jun-2007	100%	5,222,400

A subsidiary, Super.com.Pty Limited was incorporated on 14 May 2008. This subsidiary is non-trading and is for name protection purposes.

	Acquiree's carrying amount before business combination	Fair Value adjustments	Fair value
	$	$	$
Equity Superannuation Management Pty Limited (formerly Templetons Superannuation Management Pty Ltd)			
The net assets acquired were:			
Cash	10,717	-	10,717
Accounts payable and other current liabilities	(10,597)	-	(10,597)
Rights to manage customer base	-	317,728	317,728
	120	317,728	317,848
Goodwill			182,869
Total consideration satisfied by cash including capitalised expenses			500,717
Mutual Benefit Consulting Business			
The net assets acquired were:			
Plant and equipment	23,527	-	23,527
Deferred tax asset	6,759	-	6,759
Employee leave entitlement provision	(22,529)	-	(22,529)
	7,757	-	7,757
Goodwill			659,692
Total consideration satisfied by cash including capitalised expenses			667,449
Holdfast Fund Services Pty Limited			
The net assets acquired were:			
Cash	81,576	-	81,576
Prepaid expenses and current receivables	19,424	-	19,424
Accounts payable and other current liabilities	(1,000)	-	(1,000)
Rights to manage customer base	-	408,978	408,978
	100,000	408,978	508,978
Goodwill			3,679,743
Total consideration satisfied by cash including capitalised expenses			4,188,721

35. Acquisition of business (cont.)

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Net cashflow on acquisition				
Total purchase consideration	8,998,781	-	4,188,721	-
Less non-purchase consideration	-	-	-	-
Consideration paid in cash	8,998,781	-	4,188,721	-
Less cash and cash equivalent balances acquired	92,293	-	81,576	-
	8,906,488	-	4,107,145	-

Equity Trustees Limited paid $4,107,145 for the acquisition of Holdfast Fund Services Pty Limited. A subsidiary company Equity Investment Management Limited paid $4,799,343 for the acquisition of Freedom of Choice business, Equity Superannuation Management Pty Limited and Mutual Benefit Consulting business with $4,342,887 of these purchase price amounts being advanced by Equity Trustees Limited by way of an intercompany loan.

Equity Superannuation Management Pty Limited (formerly Templetons Superannuation Management Pty Ltd)

On 9 November 2007, the Group acquired 100% of the issued capital of Equity Superannuation Management Pty Limited (formerly Templetons Superannuation Management Pty Ltd) (ESM) for cash consideration of $439,169 plus a further payment, estimated as $51,236, to be calculated based on ongoing annual service revenue and to be paid in September 2008. Expenses directly relating to the acquisition totalling $10,312 were capitalised. ESM's principal activity is the provision of superannuation administration services to a range of corporate clients.

Goodwill arose on the acquisition of ESM because the acquisition price included amounts relating to the benefit of expected synergies, expense savings, and ability to cross sell business. These benefits arising on the acquisition of ESM are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

The initial accounting for the acquisition of ESM has only been provisionally determined at reporting date. At the date of finalisation of this financial report, the full purchase price is not known and therefore the fair value valuation has not been finalised. The value of goodwill noted above has therefore only been provisionally determined based on directors' best estimate of the likely final purchase price.

Under the sale and purchase agreement for ESM, revenue arising from the ESM business will be recognised from 1 September 2007 as accruing to the Group even though the Group did not acquire the shares in and control of ESM until 9 November 2007.

Mutual Benefit Consulting Business

On 31 December 2007, the Group acquired 100% of the Mutual Benefit Consulting business (MBC) for cash consideration of $657,757. Expenses directly relating to the acquisition totalling $9,692 were capitalised. The principal activity of the business is the provision of superannuation related administrative services.

Goodwill arose on the acquisition of MBC because the acquisition price included amounts relating to the benefit of expected synergies, funds under management and revenue growth, ability to enhance distribution, future market developments and the capabilities of the staff transferring with the business. These benefits arising on the acquisition of MBC are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. The accounting for the acquisition of MBC is final and there is no further purchase consideration to pay.

The Group acquired control of the MBC business from 31 December 2007 and from 1 January 2008 revenue from the MBC business is included in the Group's revenue.

Super.com Pty Limited & Super.com.au Pty Limited

During the year ended 30 June 2008 the Group acquired a non-trading name protection company, Super.com.au Pty Limited. The Group paid a nominal amount of $4 for this company. The Group also incorporated a non-trading name protection company, Super.com.Pty Limited. This company has a nominal capital of $2.

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Holdfast Fund Services Pty Limited

On 31 March 2008, the Group acquired 100% of the issued capital of Holdfast Fund Services Pty Limited (HFS) for cash consideration of $4,150,000. Expenses directly relating to the acquisition totalling $38,721 were capitalised. The principal activity of the business is the provision of sponsorship and administration services to managed investment scheme clients.

Goodwill arose on the acquisition of HFS because the acquisition price included amounts relating to the benefit of expected synergies, expense savings, and ability to further develop and market the business. These benefits arising on the acquisition of HFS are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. The accounting for the acquisition of HFS is final and there is no further purchase consideration to pay.

The Group acquired control of the HFS from 31 March 2008 and from 1 April 2008 revenue from HFS is included in the Group's revenue.

Proforma numbers

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.

Freedom of Choice business

On 29 June 2007, the Group acquired the Freedom of Choice business which comprises of the right to manage the Freedom of Choice Superannuation Master Fund and IDPS. As at the date of finalisation of the financial report for the year ended 30 June 2007, the fair value valuation of the Freedom of Choice business had not been finalised and therefore the 30 June 2007 financial report included the initial accounting for this acquisition. The accounting for this acquisition has now been finalised and the adjustments to the provisional amounts are outlined below:

	Initial accounting fair values	Adjustments	Fair value
	$	$	$
Freedom of Choice business			
The net assets acquired were:			
Employee leave entitlement provision	-	(89,154)	(89,154)
Deferred tax asset	-	26,746	26,746
Right to manage customer base	1,116,742	16,372	1,133,114
Goodwill	4,105,658	(7,659)	4,097,999
Total	5,222,400	(53,695)	5,168,705

The amendments to the initial accounting values arose due to the determination of the fair value of employee leave entitlements and the deferred tax amount on these at acquisition date. The amendment to the value of the management rights and goodwill arose on the determination of the final value of funds under management of the acquired business at the time of acquisition.

Apart from the above there have been no changes in the composition of the consolidated entity.

36. Related party disclosures

a. Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 33 to the financial statements.

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

b. Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 9 to the financial statements and in the Directors' Report.

c. Loan disclosures

The Group had nil related party loans as at 30 June 2008 (2007: $nil).

d. Key management personnel equity holdings

Fully paid ordinary shares of Equity Trustees Limited

Consolidated	Balance at 1 Jul 07	Net change	Balance at 30 Jun 08	Balance held nominally
2008	No.	No.	No.	No.
H H Kalman	8,596	416	9,012	-
T Ryan	1,021	70	1,091	-
S R Manuell	1,019	70	1,089	-
P B Maddox	1,019	70	1,089	-
A D Young	970	33	1,003	-

Consolidated	Balance at 1 Jul 06	Net change	Balance at 30 Jun 07	Balance held nominally
2007	No.	No.	No.	No.
H H Kalman	6,387	2,209	8,596	-
T Ryan	940	81	1,021	-
S R Manuell	937	82	1,019	-
P B Maddox	937	82	1,019	-
A D Young	915	55	970	-

Company	Balance at 1 Jul 07	Net change	Balance at 30 Jun 08	Balance held nominally
2008	No.	No.	No.	No.
H H Kalman	8,596	416	9,012	-
T Ryan	1,021	70	1,091	-
S R Manuell	1,019	70	1,089	-
P B Maddox	1,019	70	1,089	-
M S F Godfrey	301	45	346	-

Company	Balance at 1 Jul 06	Net change	Balance at 30 Jun 07	Balance held nominally
2007	**No.**	**No.**	**No.**	**No.**
H H Kalman	6,387	2,209	8,596	-
T Ryan	940	81	1,021	-
S R Manuell	937	82	1,019	-
P B Maddox	937	82	1,019	-
M S F Godfrey	238	63	301	-

No ordinary shares were granted as remuneration or received on exercise of options during the year.

e. Entitlements to shares of Equity Trustees Limited issued under the Executive Performance Share Plan 1999.

Consolidated	Balance at 1 Jul 07	Granted as remuneration	Balance at 30 Jun 08
2008	**No.**	**No.**	**No.**
Director			
P J Williams	28,157	6,879	35,036
Executives			
T Ryan	12,945	3,057	16,002
H H Kalman	12,945	3,057	16,002
S R Manuell	12,252	2,803	15,055
P B Maddox	11,453	1,306	12,759
A D Young	-	1,369	1,369

Consolidated	Balance at 1 Jul 06	Granted as remuneration	Balance at 30 Jun 07
2007	**No.**	**No.**	**No.**
Director			
P J Williams	15,190	12,967	28,157
Executives			
T Ryan	7,051	5,894	12,945
H H Kalman	7,051	5,894	12,945
S R Manuell	6,751	5,501	12,252
P B Maddox	6,319	5,134	11,453
A D Young	-	-	-

36. Related party disclosures (cont.)

Company	Balance at 1 Jul 07	Granted as remuneration	Balance at 30 Jun 08
2008	No.	No.	No.
Director			
P J Williams	28,157	6,879	35,036
Executives			
T Ryan	12,945	3,057	16,002
H H Kalman	12,945	3,057	16,002
S R Manuell	12,252	2,803	15,055
P B Maddox	11,453	1,306	12,759
M S F Godfrey	5,575	2,293	7,868

Company	Balance at 1 Jul 06	Granted as remuneration	Balance at 30 Jun 07
2007	No.	No.	No.
Director			
P J Williams	15,190	12,967	28,157
Executives			
T Ryan	7,051	5,894	12,945
H H Kalman	7,051	5,894	12,945
S R Manuell	6,751	5,501	12,252
P B Maddox	6,319	5,134	11,453
M S F Godfrey	1,646	3,929	5,575

As at 30 June 2008 none of the shares had vested and none had been issued (2007: nil).

All share entitlements issued to eligible executives during the financial year were made in accordance with the provisions of the Equity Trustees Limited Executive Performance Share Plan 1999 (the Plan).

Further details of the Plan and of share entitlements granted during the financial year are contained in the remuneration report within the Directors' Report.

f. Vested shares awards

No share awards vested to employees (2007: nil).

g. Other transactions with specified directors and specified executives

The profit from operations includes the following items of revenue and expense that resulted from transactions other than remuneration, loans or equity holdings, with specified directors or their personally-related entities:

	Consolidated	
	2008	2007
	$	$
Consulting fees paid to a personally-related entity of a director of a controlled entity	-	26,532
Total recognised as expenses	-	26,532

h. Transactions with other related parties

The Company had an interest free intercompany account with each of its controlled entities. The amounts owed to the Company by its controlled entities are disclosed in note 14.

The Company and its controlled entities have entered into a tax sharing arrangement, refer note 8.

A controlled entity acts as trustee for the Wealthpac Super Access Fund from which it receives administration fees. These fees are contractually agreed with members based on a percentage of assets under administration.

A controlled entity acts as the trustee for Access Insurance Trust which facilitates the collection and reimbursement of group life administration fees from the Wealthpac Master Trust to the Trustee. The controlled entity pays GST instalments and collects GST receivable on behalf of the Access Insurance Trust.

A controlled entity purchased a non-trading name protection company from a director for $4.

A controlled entity, Equity Investment Management Limited, receives administration and service charges from its subsidiary company, Equity Trustees Superannuation Limited.

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

i. 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.

j. 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 Balance Sheet as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Cash and cash equivalents	1,473,219	1,051,510	771,688	483,942
Other current financial assets - short term deposits	10,638,825	11,262,686	10,638,825	11,262,686
	12,112,044	12,314,196	11,410,513	11,746,628

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

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Profit for the period	10,565,351	8,143,504	8,684,663	6,885,251
(Profit)/loss on sale of investments	(439,639)	(694,394)	(439,639)	(694,394)
Depreciation and amortisation of non-current assets	986,958	830,702	835,082	714,455
Impairment of financial instruments	224,899	-	224,899	-
Amortisation of management rights	145,552	-	-	-
(Profit)/loss on sale of plant and equipment	60,903	6,450	46,340	6,450
Equity-settled share-based payments	721,481	500,000	721,481	500,000
Interest income received and receivable	(899,938)	(798,777)	(849,675)	(764,863)
Dividends received and receivable	(362,872)	(337,228)	(362,872)	(337,228)
Increase/(decrease) in current tax liability	15,817	316,779	15,817	316,779
Increase/(decrease) in deferred tax liability	(485,035)	362,109	(485,035)	362,109
(Increase)/decrease in deferred tax asset	(600,795)	2,973	(512,836)	2,973
(Increase)/decrease in assets:				
Current receivables	(1,537,516)	(1,874,380)	(1,534,996)	(1,580,254)
Other current assets	(821,240)	(4,916,653)	571,686	465,037
Non-current receivables	(375,604)	(109,163)	(935,235)	(633,174)
Other non-current assets	197	1,390	-	-
Increase/(decrease) in liabilities:				
Current payables	(1,884,248)	2,969,119	(904,850)	112,853
Current provisions	33,753	(4,676)	(121,449)	(18,322)
Other current liabilities	(108,246)	19,745	(108,246)	19,745
Non-current payables	-	286,113	-	-
Non-current provisions	216,047	(176,739)	216,047	(176,739)
Other non-current liabilities	2,854,763	2,433,019	498,879	(362,109)
Net cash flows from operating activities	8,310,588	6,959,893	5,560,061	4,818,569

c. Non-cash financing activities

There have been nil non-cash financing activities (2007: nil).

d. Business acquired

During the financial year, the Group acquired Equity Superannuation Management Pty Limited (formerly Templetons Superannuation Management Pty Ltd), Mutual Benefit Consulting business, Super.com Pty Limited, Super.com.au Pty Limited and Holdfast Fund Services Pty Limited. Refer note 35 for further details.

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38. 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, long term strategy, market conditions and the requirement to meet reserve fund and net tangible asset (NTA) requirements imposed by regulatory authorities.

The Group's overall strategy remains unchanged from 2007. The Group has met its reserve fund and NTA requirements throughout the 2008 year as well as throughout the 2007 year.

The capital structure consist only of equity (refer note 26 for details regarding equity instruments issued). The Group operates only in Australia and is subject to the requirement to maintain a reserve fund (refer to note 17 for further details) and a requirement under its RSE licence to maintain NTA of $5m. There are no other externally imposed capital requirements.

Operating cashflows are used to maintain and expand the Group's financial services activities including providing funds for acquiring suitable businesses that fit 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, reserve fund and NTA requirements and achieving shareholder returns.

b. Categories of financial instruments

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Financial assets				
Cash and cash equivalents	1,473,219	1,051,510	771,688	483,942
Cash and cash equivalents – short term deposits	10,638,825	11,262,686	10,638,825	11,262,686
Loans and receivables – trade debtors and other receivables	2,405,577	2,820,022	2,314,014	2,633,079
Available-for-sale financial assets	9,932,442	14,283,574	9,932,442	14,283,574
	24,450,063	29,417,792	23,656,969	28,663,281
Financial liabilities				
Amortised at cost	1,802,165	5,217,923	344,624	17,262

During the 2008 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 (2007: nil). No financial assets have been pledged as collateral for either liabilities or contingent liabilities (2007: nil). No assets are held as collateral (2007: nil).

c. 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 monthly basis regarding their activities and the related financial risks. The committees include a due diligence committee (DDC), a registrable superannuation entity committee (SCC) and an investment management committee (IMC). The DDC and SCC review 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.

38. Financial instruments (cont.)

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 for speculative purposes, and the Group does not have any derivative instruments. The Group's investment policy is to hold financial instruments for the long term to support capital, NTA and reserve fund 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.

d. 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.

e. 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 below. Management has assessed the reasonably possible change in interest rates to be plus/minus 100 basis points for both the 2008 and 2007 years 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.

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e. Interest rate risk management (cont.)

Consolidated	Carrying amount at 30-Jun-2008	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2008	$	$	$	$	$
Cash and cash equivalents	1,473,219	(16,493)	n/a	16,493	n/a
Cash and cash equivalents - short term deposits	10,638,825	(94,189)	n/a	94,189	n/a
	12,112,044	(110,682)		110,682	

Consolidated	Carrying amount at 30-Jun-2007	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2007	$	$	$	$	$
Cash and cash equivalents	1,051,510	(10,515)	n/a	10,515	n/a
Cash and cash equivalents - short term deposits	11,262,686	(78,793)	n/a	78,793	n/a
	12,314,196	(89,308)		89,308	

Company	Carrying amount at 30-Jun-2008	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2008	$	$	$	$	$
Cash and cash equivalents	771,688	(6,251)	n/a	6,251	n/a
Cash and cash equivalents - short term deposits	10,638,825	(94,189)	n/a	94,189	n/a
	11,410,513	(100,440)		100,440	

Company	Carrying amount at 30-Jun-2007	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2007	$	$	$	$	$
Cash and cash equivalents	483,942	(4,839)	n/a	4,839	n/a
Cash and cash equivalents - short term deposits	11,262,686	(78,793)	n/a	78,793	n/a
	11,746,628	(83,632)		83,632	

f. Other price risk

The Group and the Company are exposed to other price risk from their investment in Australian equities, Australian managed investment schemes and Australian hybrid share instruments. These investments are held for long term investment purposes and support the reserve fund 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.

38. Financial instruments (cont.)

f. Other price risk (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, Australian managed investment schemes and Australian hybrid share instruments. Management has assessed the reasonably possible change in Australian equities to be plus/minus 10%, managed investment scheme plus/minus 20% and Australian hybrid share instruments to be plus/minus 5% for the 2008 year based on a review of market conditions. These reasonably possible changes are also applicable for the 2007 year apart from the managed investment schemes held in 2007 which were plus/minus 5% or plus/minus 20% depending on the scheme.

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-Jun-2008	Plus/minus impact %	Other price risk			
			Minus impact		Plus impact	
			Profit	Equity	Profit	Equity
2008	$		$	$	$	$
Available for sale investments:						
Australian equities	7,422,007	10%	n/a	(879,660)	n/a	879,660
Australian hybrid shares	459,631	5%	n/a	(22,982)	n/a	22,982
Managed investment schemes	2,050,804	20%	n/a	(410,161)	n/a	410,161
	9,932,442			(1,312,803)		1,312,803

Consolidated	Carrying amount at 30-Jun-2007	Plus/minus impact %	Other price risk			
			Minus impact		Plus impact	
			Profit	Equity	Profit	Equity
2007	$		$	$	$	$
Available for sale investments:						
Australian equities	9,586,898	10%	n/a	(958,690)	n/a	958,690
Managed investment schemes	4,696,676	5%&20%	n/a	(617,193)	n/a	617,193
	14,283,574			(1,575,883)		1,575,883

Company	Carrying amount at 30-Jun-2008	Plus/minus impact %	Other price risk			
			Minus impact		Plus impact	
			Profit	Equity	Profit	Equity
2008	$		$	$	$	$
Available for sale investments:						
Australian equities	7,422,007	10%	n/a	(879,660)	n/a	879,660
Australian hybrid shares	459,631	5%	n/a	(22,982)	n/a	22,982
Managed investment schemes	2,050,804	20%	n/a	(410,161)	n/a	410,161
	9,932,442			(1,312,803)		1,312,803

Company	Carrying amount at 30-Jun-2007	Plus/minus impact %	Other price risk			
			Minus impact		Plus impact	
			Profit	Equity	Profit	Equity
2007	$		$	$	$	$
Available for sale investments:						
Australian equities	9,586,898	10%	n/a	(958,690)	n/a	958,690
Managed investment schemes	4,696,676	5%&20%	n/a	(617,193)	n/a	617,193
	14,283,574			(1,575,883)		1,575,883

g. 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 of financial instruments is from outstanding accounts receivables and investments with banks and managed investment schemes.

Executive management and where applicable the DDC and SCC review 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 (j), 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.

h. 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 include Australian equities and Australian hybrid shares. 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 2 (f)) is measured at fair value. Fair value is determined with reference to quoted market prices including transaction costs.

i. 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.

38. Financial instruments (cont.)

i. Liquidity risk management (cont.)

Liquidity and interest risk table

The following tables detail the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have 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. The table includes both interest and principal cash flows.

Consolidated	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
2008		$	$	$	$	$
Non-interest bearing -trade creditors	0%	322,754	51,236	1,428,175	-	-
Financial guarantee contracts	0%	-	-	-	-	-
		322,754	51,236	1,428,175	-	-
2007						
Non-interest bearing -trade creditors	0%	42,923	2,587,500	1,293,750	1,293,750	-
Financial guarantee contracts	0%	-	-	-	-	-
		42,923	2,587,500	1,293,750	1,293,750	-
Company						
2008						
Non-interest bearing -trade creditors	0%	344,624	-	-	-	-
Financial guarantee contracts	0%	-	-	-	-	-
		344,624	-	-	-	-
2007						
Non-interest bearing -trade creditors	0%	17,262	-	-	-	-
Financial guarantee contracts	0%	-	-	-	-	-
		17,262	-	-	-	-

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 (2007:nil)

The following table details the Company's and the Group's expected maturity for its financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company/Group anticipates that the cash flow will occur in a different period.

Consolidated	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
2008		$	$	$	$	$
Cash and cash equivalents	5.85%	1,473,219	-	-	-	-
Trade and other receivables	n/a	2,405,577	-	-	-	-
Cash and cash equivalents - short term deposits	6.63%	10,638,825	-	-	-	-
Australian equities and hybrid shares	n/a	7,881,638	-	-	-	-
Managed investment schemes	n/a	-	-	-	2,050,804	-
		22,399,259	-	-	2,050,804	-
2007						
Cash and cash equivalents	5.13%	1,051,510	-	-	-	-
Trade and other receivables	n/a	2,820,022	-	-	-	-
Cash and cash equivalents - short term deposits	6.26%	11,262,686	-	-	-	-
Australian equities	n/a	9,586,898	-	-	-	-
Managed investment schemes	n/a	4,696,676	-	-	-	-
		29,417,792	-	-	-	-
Company						
2008						
Cash and cash equivalents	6.85%	771,688	-	-	-	-
Trade and other receivables	n/a	2,314,014	-	-	-	-
Cash and cash equivalents - short term deposits	6.63%	10,638,825	-	-	-	-
Australian equities and hybrid shares	n/a	7,881,638	-	-	-	-
Managed investment schemes	n/a	-	-	-	2,050,804	-
		21,606,165	-	-	2,050,804	-
2007						
Cash and cash equivalents	6.15%	483,942	-	-	-	-
Trade and other receivables	n/a	2,633,079	-	-	-	-
Cash and cash equivalents - short term deposits	6.26%	11,262,686	-	-	-	-
Australian equities	n/a	9,586,898	-	-	-	-
Managed investment schemes	n/a	4,696,676	-	-	-	-
		28,663,281	-	-	-	-

39. Subsequent events

There have been no material subsequent events (2007: nil).

Deloitte.

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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 balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 24 to 77.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Member of
Deloitte Touche Tohmatsu

EQUITY Trustees

Deloitte.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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

Auditor's 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 2008 and of their performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 15 of the directors' report for the year ended 30 June 2008. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Equity Trustees Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

G. J. McLean
Partner
Chartered Accountants
Melbourne, 28 August 2008

Statement of Shareholdings

The company's shares are listed on the Australian Stock Exchange.

The issued capital of the company as at 31 August 2008 comprising 8,053,347 fully paid ordinary shares is held by 1,423 shareholders as follows:

Size of Holding	Holders of Ordinary Shares
1 – 1,000*	682
1,001 – 5,000	510
5,001 – 10,000	125
10,001 – 100,000	97
100,001 and over	9
	1,423

* Number of shareholders holding less than a marketable parcel ($500) based on the market price of $24.00 as at 31 August 2008 was 28

Twenty Largest Shareholders as at 31 August 2008		No. of Shares	%
1.	Trust Company Fiduciary Services Limited	1,159,567	14.40
2.	Australian Foundation Investment Company Limited	540,664	6.71
3.	Equity Nominees Limited	439,889	5.46
4.	DB Management Pty Ltd	299,393	3.72
5.	Milton Corporation Limited	224,300	2.79
6.	Mirrabooka Investments Limited	168,036	2.09
7.	Amcil Limited	144,737	1.80
8.	ANZ Nominees Limited	120,155	1.49
9.	National Nominees Limited	107,311	1.33
10.	DB Management Pty Ltd	94,241	1.17
11.	DB Management Pty Ltd	93,533	1.16
12.	Fatofa Investments Pty Ltd	73,562	0.91
13.	Mr Leonard Clive Keyte	72,306	0.90
14.	Invia Custodian Pty Limited	71,000	0.88
15.	J P Morgan Nominees Australia Limited	66,963	0.83
16.	Mr Vernon Thomas Hauser	66,000	0.82
17.	Mr Geoffrey Heeley & Mrs Dorothy Heeley	52,395	0.65
18.	Cogent Nominees Pty Limited	51,528	0.64
19.	DB Management Pty Ltd	50,000	0.62
20.	Mr Ian George Mansbridge	49,232	0.61

Substantial Shareholders

At 31 August 2008, substantial shareholder notices had been received from the following shareholders:

	Shares Held
• Trust Company Limited	1,161,567
• Australian Foundation Investment Company Limited	502,688
• DB Management Pty Ltd and associates	493,560
• Equity Nominees Limited as nominee for Equity Trustees Limited as responsible entity for the Professional Investor Smaller Companies Trust and as executor for deceased estates, manager of investment portfolio's and trustee of continuing estates	450,580

Notes

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EQUITY
Trustees

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