

Appendix 4D – Half Year Report

Name of entity

Equity Trustees Limited

ABN or equivalent company reference

46 004 031 298

Half Year Ended

31 December 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 Dec 14 \$ '000		31 Dec 13 \$ '000	
Revenue from ordinary activities	41,132	Up 53.2%	From	26,849
Operating profit after tax excluding non-operating items and amortisation of intangibles	9,718	Up 92.3%	From	5,053
Non-operating items net of tax	(1,255)			445
Amortisation of intangibles	(833)			(114)
Profit from ordinary activities after tax attributable to members	7,630	Up 41.7%	From	5,384
Net profit for the period attributable to members	7,630	Up 41.7%	From	5,384

Dividends	Amount per Security	Franked amount per Security
Interim Dividend	46 cents per share	100%
<p>The directors have declared a fully franked interim dividend of 46 cents per share. The directors have also declared that the dividend reinvestment plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average price of EQT traded shares on 5 days after record date. A discount of 3.5% will be applied. Any shortfall in DRP participation will be underwritten at the DRP price.</p>		
Record date for determining entitlements to the dividend.	19 March 2015	
Last date for the receipt of an election notice for participation in the DRP.	20 March 2015	
Payment date for dividend	16 April 2015	

ASX ADDITIONAL INFORMATION

Additional information required by the ASX, and not shown elsewhere in this report, follows. The information is current as at 31 December 2014.

Net tangible asset backing per share

The net tangible asset backing per share at 31 December 2014 was \$2.04 (2013: \$2.93), which is based on shares on issue of 19,269,445 (2013: 9,657,299).

Control gained or lost over entities during the period

The following entities were acquired during the period:

Half year ended 31 December 2014

Equity Trustees Wealth Services Limited (ETWSL) (formerly ANZ Trustees Limited)

The Company acquired ETWSL on 4 July 2014.

The amount included in the profit after tax from ordinary activities for the half-year attributable to ETWSL is \$3,775,848.

Half year ended 31 December 2013

There were no entities for which control was gained or lost during the period.

Audit

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

Commentary

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



Equity Trustees Limited
ABN 46 004 031 298

Consolidated Half Year Financial Report
for the half year ended
31 December 2014

Equity Trustees Limited

ABN 46 004 031 298

Directors' Report

The directors of Equity Trustees Limited submit herewith the financial report for Equity Trustees Limited and its subsidiaries (the Group) for the half year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

J A (Tony) Killen OAM, Chairman
Robin B O Burns, Managing Director
David F Groves, Deputy Chairman
Alice J M Williams
The Hon Jeffrey G Kennett AC
Anne M O'Donnell
Kevin J Eley
Michael J O'Brien (Appointed 28 July 2014)

Review of Operations

In July 2014, the company completed the most significant corporate transaction in its history, with the acquisition of ANZ Trustees Limited (now known as Equity Trustees Wealth Services Limited [ETWSL]). In practical effect the associated capital raising approximately doubled the market worth of Equity Trustees. The integration of this acquisition commenced early in July 2014 and continues into the second half of this financial year, calling significantly on internal and external resources. Although this substantial project inevitably diverted management and staff effort during the half year the directors of Equity Trustees are pleased to report a group operating profit before non-operating items, amortisation of intangibles and tax of \$13.5m, an increase of 95.6% over the prior corresponding period. Allowing for these items net profit after tax for the half year was \$7,630,027, an increase of 41.7% on the net profit after tax for the prior corresponding period of \$5,383,677. The increase in operating profit resulted from both organic growth in the business units and the acquisition of ETWSL.

The result for the period includes the following non-operating items totalling an after tax cost of \$2,088,063 (2013: after tax gain of \$331,876).

Gain/(Loss)	Half year ended 31 December 2014 \$	Half year ended 31 December 2013 \$
• After tax cost in relation to the acquisition of ETWSL	(1,254,737)	-
• Amortisation of intangibles	(833,326)	(113,705)
• After tax profit from the sale of The Trust Company Limited (TRU) shares that were acquired due to the acceptance of the Equity Trustees Limited takeover	-	431,697
• After tax cost relating to the transaction acquisition costs associated with the off-market takeover offer to acquire shares in TRU	-	(399,195)
• Taxation credit relating to the 2013 costs associated with the off-market takeover offer to acquire shares in TRU	-	348,097
• After tax profit from the sale of investments in the investment portfolio	-	64,982
Total	(2,088,063)	331,876

As a result of the ETWSL acquisition and organic growth, operating revenue has grown 57.4% over the prior corresponding period.

The acquisition of ETWSL is progressing to plan. An integration steering committee, with independent oversight, meets on a fortnightly basis to monitor and approve the project plan for the integration. In accordance with previous market disclosures, we expect that \$1m of expense synergies to be realised in the current year. At this stage, the expected run rate reduction in expenses of \$4m is likely to be achieved early in the year commencing 1 July 2015. We also expect that the one-off integration costs of approximately 1.25 times expense synergy savings to be substantially incurred in the current year. Based on work undertaken to date, it is expected that revenue synergy benefits will commence in the second half of the current year.

Barring any unforeseen factors, we expect momentum to continue in relation to organic revenue growth.

As a result of the integration of ETWSL, group expenses have increased by 51.8% over the prior corresponding half year, however, expenses include non-operating items, which if excluded, would result in an increase of 43.6%. As noted above synergy savings have already taken place to reduce the underlying expenses. Although this won't be apparent until the first full year of full integration figures, at this stage the operating margin has increased from 26.4% to 32.8%.

Even though the number one priority is to complete the rationalisation of ETWSL, we continue to drive a range of important projects to further enhance operating efficiencies.

The pre-tax operating profit, which excludes the abovementioned non-operating items, was \$13,542,239 (2013: \$6,923,516), an increase of 95.6%.

The reported earnings per share for the half year period was 39.77 cps (2013: 52.82 cps – restated), representing a 24.7% decrease compared to the corresponding prior period. The prior year reported EPS was 58.3 cps, but has been restated to reflect the dilutionary impact of the rights issue in the later part of the 2014 financial year. This is based on the weighted average shares on issue during the period of 19,185,305 (2013: 10,191,714 - restated), a 88% increase over the prior year. This increase arises from shares issued in relation to:

- the capital raising for the acquisition of ETWSL;
- participation under the dividend reinvestment plan (DRP) in relation to the 2014 interim and final dividends; and
- participation in employee share acquisition plans, share based remuneration and salary sacrifice share schemes.

If the non-operating items are excluded, then underlying earnings per share is 50.65 cps (2013: 49.58 cps - restated).

The Board has approved a fully franked interim dividend of 46 cents per share, unchanged from the prior interim dividend. This represents approximately 90% of underlying earnings per share.

At 31 December 2014, net assets were \$231,411,109, an increase of \$1,312,420 (0.6%) on the position at 30 June 2014 of \$230,098,689. The Company's \$10m net tangible asset licence requirement has been adequately met throughout the first half of the year. The company has no borrowings and is in a strong financial position.

The Company has previously reported that there is a requirement to meet new responsible entity capital requirements effective 1 July 2015. As a result of increased responsible entity activity in the CTS business unit and an increase in working capital requirements, the Company has determined that additional capital will be raised by underwriting the dividend reinvestment plan for the 2015 interim dividend payable on 16 April 2015.

In terms of business unit performance, both Trustee Wealth Services (TWS) and Corporate Trustee Services (CTS) made solid contributions to the half year result.

The TWS business unit continues its focus on revenue growth initiatives. For the half year, revenue was up on the prior year comparative period by 77.8%, from \$16.6m to \$29.6m. During the half year we continued to use referral partnerships to grow EQT's estate planning and will writing services. Growth also took place in superannuation and philanthropic services. Funds under management, advice or administration increased by 60.5%, from \$4.65b at 30 June 2014 to \$7.46b at 31 December 2014.

The CTS business unit also achieved solid growth in the responsible entity and funds distribution business lines. As a result, revenue has grown 21.4% from \$9.5m for the half year ended 31 December 2013 to \$11.5m for half year ended 31 December 2014. There was a net increase of 1 (12 new and 11 closed) in the number of funds for which we provide responsible entity business, increasing the total at 31 December 2014 to 176 from 175 at 30 June 2014. For the co-branded funds, where EQT is responsible for distribution and marketing, we have seen strong net fund inflows during the half year, primarily into defensive asset classes. This increase, together with additional FUM from new funds, have been a key driver in the overall increase of CTS Funds under Management/Administration, which increased by 24%, from \$32.5b at 30 June 2014 to \$40.3b at 31 December 2014.

In relation to the Group's business support units, significant work has been required to support the ETWSL integration, as well as other projects to support the business units and provide efficiencies.

The in-house asset management team has now been re-aligned to provide in-house investment management expertise covering Australian equities and fixed interest sectors, ensuring a single investment approach across all of the various investment pools under the responsibility of the Group. External advice continues to be obtained in relation to other asset classes. The Board Investment Committee meets regularly to oversee the Group's investment management responsibilities.

During the half year, the Board initiated a review of the licences and organisational structure with the objective of achieving the most efficient operating structure. On the basis that the Group's clear priority is to ensure that there is a smooth integration of ETWSL, in a timely manner, the Board decided that only a portion of the organisational steps would be targeted in the current year.

Dividends

During the half year period the company paid a fully franked final dividend of 48 cents per share in respect of the financial year ended 30 June 2014.

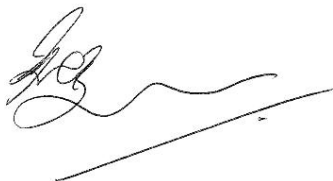
Subsequent to 31 December 2014, the directors have declared a fully franked interim dividend of 46 cents per share in respect of the financial year ending 30 June 2015.

Auditor's Independence Declaration

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

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

On behalf of the directors

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

Mr Robin B O Burns
Managing Director
Melbourne, 26 February 2015

26 February 2015

The Board of Directors
Equity Trustees Limited
L2, 575 Bourke Street
MELBOURNE VIC 3000

Dear Board Members

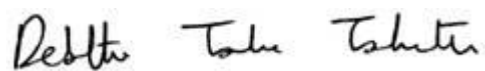
Equity Trustees Limited

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

As lead audit partner for the review of the financial statements of Equity Trustees Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants

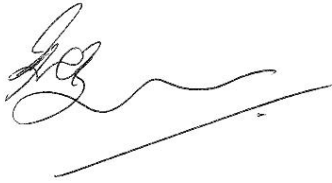
Directors' Declaration

The directors declare that:

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

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Rob Burns', written over a horizontal line.

Mr Robin B O Burns
Managing Director
Melbourne, 26 February 2015

Equity Trustees Limited
Condensed Consolidated Statement of Profit or Loss
for the half year ended 31 December 2014

	Consolidated	
	Half year ended 31 Dec 2014 \$	Half year ended 31 Dec 2013 \$
Continuing operations		
Revenue	40,632,792	25,755,425
Other revenue	499,267	1,093,428
Total revenue	41,132,059	26,848,853
Employee benefits expenses	19,553,409	13,519,456
Other employment related expenses	1,736,995	598,635
Audit and tax advice expenses	597,725	149,768
Depreciation and amortisation expenses	855,421	638,046
Management rights amortisation	833,326	113,705
Insurance expenses	554,536	291,893
Legal, consulting and regulatory expenses	1,052,159	1,093,898
Marketing and sales expenses	932,068	629,725
Information technology expenses	1,782,201	1,102,908
Occupancy expenses	1,154,257	848,987
Other expenses	1,163,531	913,796
Total expenses	30,215,628	19,900,817
Net profit before income tax expense	10,916,431	6,948,036
Income tax expense	(3,286,404)	(1,564,359)
Net profit after income tax expense from continuing operations	7,630,027	5,383,677
Attributable to:		
Owners of the parent entity	7,630,027	5,383,677
Earnings per share		
- Basic (cents per share)	39.77	52.82
- Diluted (cents per share)	39.53	52.14

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

Equity Trustees Limited
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2014

	Consolidated	
	Half year ended 31 Dec 2014 \$	Half year ended 31 Dec 2013 \$
Net profit after income tax expense from continuing operations	7,630,027	5,383,677
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Realised (gain) on sale of available-for-sale investments	-	(91,794)
Increase from revaluation of available-for-sale investments	44,743	255,624
Income tax relating to components of other comprehensive income	(13,423)	(49,003)
Total comprehensive income for the period	7,661,347	5,498,504
Total comprehensive income attributable to owners of the parent entity	<u>7,661,347</u>	<u>5,498,504</u>

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

Equity Trustees Limited
Condensed Consolidated Statement of Financial Position
as at 31 December 2014

	Consolidated	
	31 Dec 2014	30 Jun 2014
Note	\$	\$
Current assets		
Cash and cash equivalents	16,381,735	170,237,019
Trade and other receivables	14,149,647	6,636,276
Other current financial assets - term deposits	4,950,000	3,150,000
Accrued income and prepayments	4,038,728	3,128,106
Total current assets	39,520,110	183,151,401
Non-current assets		
Trade and other receivables	830,903	108,186
Other financial assets	5,611,478	5,508,589
Property, plant and equipment	1,413,681	1,501,880
Goodwill and intangible assets	188,319,313	44,634,678
Deferred tax assets	3,851,058	3,959,616
Total non-current assets	200,026,433	55,712,949
Total assets	239,546,543	238,864,350
Current liabilities		
Trade and other payables	795,081	1,157,824
Provisions	4,038,919	4,958,472
Other current liabilities	215,221	135,318
Current tax payable	780,411	702,117
Total current liabilities	5,829,632	6,953,731
Non-current liabilities		
Provisions	1,948,413	1,399,132
Other non-current liabilities	221,712	290,544
Deferred tax liabilities - investment revaluation	135,677	122,254
Total non-current liabilities	2,305,802	1,811,930
Total liabilities	8,135,434	8,765,661
Net assets	231,411,109	230,098,689
Equity		
Issued capital	218,908,188	216,116,476
Investment revaluation reserve	316,583	285,263
Equity settled benefits reserve	1,401,274	1,348,909
Retained earnings	10,785,064	12,348,041
Equity attributable to owners of the Company	231,411,109	230,098,689

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

Equity Trustees Limited
Condensed Consolidated Statement of Changes in Equity
for the half year ended 31 December 2014

	Reserves				Total Equity
	Fully paid ordinary shares	Investment revaluation	Equity settled benefits	Retained earnings	
	\$	\$	\$	\$	\$
Balance at 1 July 2013	49,601,432	229,268	1,147,222	11,612,078	62,590,000
Profit for the period	-	-	-	5,383,677	5,383,677
Increase from revaluation of available for sale investments	-	255,624	-	-	255,624
Related income tax	-	(76,541)	-	-	(76,541)
Gain on sale of available for sale investments	-	(91,794)	-	-	(91,794)
Related income tax	-	27,538	-	-	27,538
Total comprehensive income for the period	-	114,827	-	5,383,677	5,498,504
Shares issued under employee salary sacrifice share plan	19,927	-	-	-	19,927
Shares issued under dividend reinvestment plan	1,555,230	-	-	-	1,555,230
Shares issued under employee share acquisition plan	169,936	-	(169,936)	-	-
Shares issued under executive share scheme	161,680	-	(161,680)	-	-
Shares issued under share placement	2,979,707	-	-	-	2,979,707
Shares issued for The Trust Company shares	6,072,620	-	-	-	6,072,620
Share issue costs	(122,729)	-	-	-	(122,729)
Related income tax	36,819	-	-	-	36,819
Provision for executive share entitlements	-	-	457,064	-	457,064
Provision for employee share acquisition plan	-	-	92,936	-	92,936
Payment of dividends	-	-	-	(4,534,807)	(4,534,807)
Balance at 31 December 2013	60,474,622	344,095	1,365,606	12,460,948	74,645,271
Balance at 1 July 2014	216,116,476	285,263	1,348,909	12,348,041	230,098,689
Profit for the period	-	-	-	7,630,027	7,630,027
Increase from revaluation of available for sale investments	-	44,743	-	-	44,743
Related income tax	-	(13,423)	-	-	(13,423)
Total comprehensive income for the period	-	31,320	-	7,630,027	7,661,347
Shares issued under employee salary sacrifice share plan	36,171	-	-	-	36,171
Shares issued under dividend reinvestment plan	2,197,047	-	-	-	2,197,047
Shares issued under employee share acquisition plan	220,196	-	(220,196)	-	-
Shares issued under executive share scheme	347,936	-	(347,936)	-	-
Share issue costs	(14,460)	-	-	-	(14,460)
Related income tax	4,822	-	-	-	4,822
Provision for executive share entitlements	-	-	434,301	-	434,301
Provision for employee share acquisition plan	-	-	186,196	-	186,196
Payment of dividends	-	-	-	(9,193,004)	(9,193,004)
Balance at 31 December 2014	218,908,188	316,583	1,401,274	10,785,064	231,411,109

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

Equity Trustees Limited
Condensed Consolidated Statement of Cash Flows
for the half year ended 31 December 2014

	Consolidated	
	Half-year ended 31 Dec 2014 \$	Half-year ended 31 Dec 2013 \$
Cash flows from operating activities		
Receipts from customers	45,333,357	26,797,187
Payments to suppliers and employees	(42,552,161)	(25,430,371)
Income tax paid	(2,794,829)	(2,070,834)
Net cash provided by operating activities	(13,633)	(704,018)
Cash flows from investing activities		
Payment for financial assets	(4,800,000)	(4,000,000)
Proceeds on sale of financial assets	3,000,000	6,792,515
Interest received	448,088	219,126
Dividends received	1,491	163,745
Payment for property, plant and equipment	(368,426)	(122,214)
Payment for intangible assets	(521,414)	(1,131,197)
Net payment for businesses	(145,370,794)	-
Net cash (used in) / provided by investing activities	(147,611,055)	1,921,975
Cash flows from financing activities		
Proceeds from issues of equity securities	748,195	2,979,707
Payment for share issue costs	(14,460)	(122,729)
Dividend paid to members of the parent entity (net of shares issued under the dividend reinvestment plan)	(6,996,272)	(2,979,712)
Net cash (used in) / provided by financing activities	(6,262,537)	(122,734)
Net (decrease) / increase in cash and cash equivalents	(153,887,225)	1,095,223
Cash and cash equivalents at the beginning of the half-year	170,268,960	9,891,934
Cash and cash equivalents at the end of the half-year	16,381,735	10,987,157
Reconciliation of cash		
Cash and Cash Equivalents	16,381,735	10,987,157
	16,381,735	10,987,157

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

Equity Trustees Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2014

1. Summary of accounting policies

Statement of compliance

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

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2014, except for the impact of the Australian Accounting Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amending Accounting Standards or Interpretations adopted

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

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - Part C: 'Materiality'

The application of these new and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group have not had any material impact on the amounts recognised in the consolidated financial statements. Some of these new and revised Standards and amendments thereof and Interpretations may result in additional disclosures in the Group's consolidated financial statements.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Equity Trustees Limited
Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2014

	Half year ended 31 Dec 2014		Half year ended 31 Dec 2013	
	Cents per share	\$	Cents per share	\$
2. Dividends				
<u>Recognised amounts</u>				
Fully paid ordinary shares				
Final dividend	48.00	9,193,004	50.00	4,534,807
<u>Unrecognised amounts</u>				
Fully paid ordinary shares				
Interim dividend	46.00	8,864,254	46.00	4,442,641

3. Acquisition of businesses

Half year ended 31 December 2014

Effective 4 July 2014, the Group acquired 100% of the shares of Equity Trustees Wealth Services Limited (ETWSL) (formerly ANZ Trustees Limited). ETWSL is a trustee company that has a strategic fit with the Group's existing trustee company business.

Half year ended 31 December 2013

No acquisitions

	Half year ended	
	31 Dec 2014	31 Dec 2013
Consideration	\$	\$
Cash	156,008,756	-
	156,008,756	-

Acquisition related costs incurred to date total \$8,923,512 and no further costs are expected. Acquisition related costs totalling \$32,094 have been recognised as an expense in the statement of profit and loss for the current reporting period. During the year ended 30 June 2014 acquisition related costs totalling \$1,535,426 were recognised as an expense in the statement of profit and loss and acquisition related costs totalling \$7,355,992 were recognised in issued capital.

	Half year ended	
	31 Dec 2014	31 Dec 2013
Assets acquired and liabilities assumed at the date of acquisition	\$	\$
Current assets		
Cash and cash equivalents	10,637,962	-
Other current assets	1,975,532	-
Non-current assets		
Other financial assets	58,146	-
Liabilities		
Employee Provisions	(942,373)	-
Provisions	(141,402)	-
	11,587,865	-

Trade receivables acquired with a fair value of \$31,941 had gross contractual amounts of \$31,941. The best estimate at acquisition date of the contractual cash flows not expected to be collected is nil. (2013:nil).

Equity Trustees Limited
Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2014

The initial accounting for the acquisition of ETWSL has only been provisionally determined at the end of the reporting period. At the date of finalisation of these consolidated financial statements the necessary valuations and other calculations had not been finalised and values have therefore only been provisionally determined. For the purposes of these financial statements, the excess of consideration paid over tangible assets acquired of \$144,420,890 has been allocated to intangible assets. Based on the initial valuation at this stage, it is expected that the majority of \$144,420,890 will be allocated to intangible assets. Accordingly, the directors have allocated the entire balance of \$144,420,890 to intangible assets at this stage. However, the directors note that when the acquisition valuations have been completed, they expect that the final allocation will allocate this balance between goodwill and other identifiable intangible assets. The valuation exercise is expected to be completed prior the end of the current financial year. An estimate of the amortisation arising for the period from fixed life intangible assets of \$750,000 has been made and included as an expense in the statement of profit and loss.

	Half year ended	
	31 Dec 2014	31 Dec 2013
	\$	\$
Net cash outflow arising on acquisition		
Consideration paid in cash	156,008,756	-
less cash and cash equivalent balances acquired	10,637,962	-
	<u>145,370,794</u>	<u>-</u>

Impact of acquisition on the results of the Group

The amount included in the profit after tax for the half-year attributable to ETWSL is \$3,775,848 (2013: nil). The revenue for the half-year includes \$11,898,644 in respect of ETWSL (2013: nil).

4. Goodwill	Half year ended	
	31 Dec 2014	31 Dec 2013
	\$	\$
Gross carrying amount		
Balance at beginning of the interim period	9,507,853	9,507,853
Additional amounts recognised from business combinations occurring during the period*	-	-
Balance at end of the interim period	<u>9,507,853</u>	<u>9,507,853</u>

*The initial accounting for the acquisition of ETWSL has only been provisionally determined at the end of the reporting period. At the date of finalisation of these consolidated financial statements the necessary valuations and other calculations had not been finalised and values have therefore only been provisionally determined. For the purposes of these financial statements, the excess of consideration paid over tangible assets acquired of \$144,420,890 has been allocated to intangible assets. Based on the initial valuation at this stage, it is expected that the majority of \$144,420,890 will be allocated to intangible assets. Accordingly, the directors have allocated the entire balance of \$144,420,890 to intangible assets at this stage. However, the directors note that when the acquisition valuations have been completed, they expect that the final allocation will allocate this balance between goodwill and other identifiable intangible assets. The valuation exercise is expected to be completed prior the end of the current financial year.

The acquisition of ETWSL includes \$144,420,890 of assets that will be allocated to goodwill and other identifiable intangible assets due to the acquisition of customer relationships and contracts. The majority of these customer contracts and relationships are long term in nature. Where the customer relationships and contracts are not capable of being separately recognised as an identifiable intangible asset they will be allocated to goodwill. The acquisition will also give rise to a number of synergies between the ETWSL business and the Group which will also give rise to goodwill.

Accumulated impairment losses

Balance at beginning of the interim period	-	-
Balance at end of the interim period	<u>-</u>	<u>-</u>

Net book value

At the beginning of the interim period	9,507,853	9,507,853
At the end of the interim period	<u>9,507,853</u>	<u>9,507,853</u>

Equity Trustees Limited
Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2014

5. Subsequent events

There have been no material subsequent events.

6. Contingent liabilities and contingent assets

Contingent liabilities exist in respect of certain trust and estate accounts that are overdrawn, however, these contingent liabilities are mitigated by the assets held by these trust and estate accounts which are considered ample to cover any contingent liability. There has been no material change to contingent liabilities since the previous corresponding half-year period. There are no contingent assets (2013: nil).

7. Issuances of equity securities

	Half year ended 31 Dec 2014		Half year ended 31 Dec 2013	
	No. of shares	\$	No. of shares	\$
Fully paid ordinary shares				
Opening balance 1 July	19,104,667	216,116,476	9,049,621	49,601,432
Shares issued under employee salary sacrifice share plan	1,796	36,171	1,197	19,927
Shares issued under executive share scheme	36,138	347,936	11,346	161,680
Shares issued under employee share acquisition plan	10,166	220,196	11,180	169,936
Shares issued under dividend reinvestment plan (DRP)	116,678	2,197,047	90,896	1,555,230
Shares issued under share placement	-	-	174,150	2,979,707
Shares issued for The Trust Company shares	-	-	318,909	6,072,620
Share issue costs net of tax	-	(9,638)	-	(85,910)
Closing balance 31 December	19,269,445	218,908,188	9,657,299	60,474,622

8. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Following a change to the measurement of revenue and expenses for the operating segments, the corresponding items of segment information have been restated for 31 December 2013.

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

Trustee and Wealth Services

The provision of personal financial and superannuation services, including in relation to personal estates and trusts, wealth management, asset management, aged care services, and portfolio services.

Corporate Trustee Services

The provision of Responsible Entity services for managed funds, other corporate trustee or fiduciary roles for investment vehicles or structures, and co-ordination of retail distribution and marketing for co-branded managed investment funds.

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

Equity Trustees Limited
Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2014

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. There were no discontinued operations (2013: nil).

	Half year ended	
	31 Dec 2014	31 Dec 2013
	\$	\$
Segment revenue		
Trustee and Wealth Services	29,651,745	16,682,081
Corporate Trustee Services	11,480,324	9,458,268
	<u>41,132,069</u>	<u>26,140,349</u>
Other	-	708,504
Total revenue per income statement	<u><u>41,132,069</u></u>	<u><u>26,848,853</u></u>

The revenue reported above represents revenue generated from external customers. There were no inter-segment revenues (2013: nil).

Segment net profit before tax		
Trustee and Wealth Services	8,520,074	2,931,620
Corporate Trustee Services	4,938,839	3,878,190
	<u>13,458,913</u>	<u>6,809,810</u>
Other unallocated expenditure	(2,542,482)	(570,278)
Other	-	708,504
Total net profit before tax per statement of income	<u><u>10,916,431</u></u>	<u><u>6,948,036</u></u>

9. Financial Instruments

This note provides information about how the Group determines fair values of various financial assets. The Group has no financial liabilities measured at fair value.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

The Group's available for sale financial assets are measured at fair value at the end of each reporting period. The following outline gives information about how the fair values of these financial assets are determined.

Type of financial asset	Valuation technique and key inputs	Fair value hierarchy	Fair value at	
			31 Dec 2014	31 Dec 2013
			\$	\$
Available for sale investments				
Australian equities	Quoted price (unadjusted) in active market	Level 1	-	108,253
Managed investment schemes	Unit price published by the managed investment scheme	Level 2	5,553,332	5,495,493

There are no significant unobservable inputs and therefore no relationship of unobservable inputs to fair value. There were no other transfers between levels in the fair value hierarchy at the end of the reporting period (2013: Managed Investment Schemes transferred from level 1 to level 2).

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The directors consider that the carrying amounts of financial assets and financial liabilities that are not measured at fair value on a recurring basis recognised in the consolidated financial statements approximate their fair values.

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

We have reviewed the accompanying half-year financial report of Equity Trustees Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 15.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Equity Trustees Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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


Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Equity Trustees Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants

26 February 2015