EQUITY Trustees *For your best interests*

Fax

TO:	Company Announcements Office
Fax no.:	1900 999 279
FROM:	Terry Ryan – Company Secretary
CC:	
DATE:	27 August 2007
Re:	URGENT ASX RELEASE
No. Pages:	47

Please release the attached document before 6pm tonight and confirm via email or fax.

Email: tryan@eqt.com.au

Appendix 4E – Full Year Report

Name of entity

Equity Trustees Limited

ABN or equivalent company reference

46 004 031 298

Full Year Ended

30 June 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2007 $A'000		30 June 2006 A$'000	
Revenue from ordinary activities	33,063	Up 30.5%	From	25,342
Profit from ordinary activities after tax attributable to members	8,144	Up 58%	From	5,156
Net profit for the period attributable to members	8,144	Up 58%	From	5,156

Dividends	Amount per Security	Franked amount per Security
Final Dividend The directors have declared a fully franked final dividend of 45 cents per share. The directors have also declared that the dividend reinvestment plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average price of EQT traded shares on 5 days after Record date. A discount of 2.5% will be applied. Any shortfall in the take up of the DRP will be underwritten at the DRP price.	45 cents	100%

Record date for determining entitlements to the dividend.	19 September 2007
Payment date for dividend	10 October 2007

This full year report should be read in conjunction with the 2007 Annual Financial Report.

ASX ADDITIONAL INFORMATION

Additional Information required by the ASX, and not shown elsewhere in this report, follows. The information is current as at 30 June 2007.

	30 June 2007	30 June 2006
Net tangible asset backing / per share		
Net tangible asset backing per share, based on shares on issue 7,827,563 (2006: 7,683,444).	2.40	2.11
Control gained over entities having material effect		
- Name of Entity (or group of entities)	Freedom of Choice Master Superannuation Fund and Investor Directed Portfolio Service	NA
- Date control gained	29-Jun-2007	
- Contribution to consolidated profit / (loss) from ordinary activities and extraordinary items since the date in which control was acquired	Nil	
Loss of control of entities having material effect	NA	NA
- Name of Entity (or group of entities)		
- Date to which the profit / (loss) has been calculated		
- Contribution to consolidated profit / (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control		

Audit

The Financial Statements for the year ended 30 June 2007 have been audited and an unqualified opinion provided.

Commentary

Please refer to the separate ASX release covering the Announcement of Results and Shareholder Presentation.

Summary comments are as follows:

The profit after tax of $8.144mil (2006: $5.156mil) represents an increase of 58.0%. The undiluted earnings per share of 105.18 cents (2006: 69.94) represents an increase of 50.4%.

Included in the result is a profit on sale of investments (net of tax) of $0.490mil (2006: $0.411mil). If this profit is excluded, profit after tax from trading activities is $7.654mil (2006: $4.745mil), representing a year on year increase of 61.3%. The undiluted earnings per share on trading activities is 98.85 cents (2006: 64.37) representing an increase of 53.6%.

The final dividend of 45 cents per share brings the total dividend for the 2007 year to 75 cents, representing a 50% increase over the prior year. Dividends continue to be fully franked.

The total 2007 dividend of 75 cents represents a payout ratio of 75.9% based on trading profit (excluding profits on sale of investments).
Shareholders funds have increased by 22.2%, from $36.357mil to $44.438 mil.

This full year report should be read in conjunction with the 2007 Annual Financial Report.

Equity Trustees Limited
and Controlled Entities
ABN 46 004 031 298

Annual Financial Report for the financial year ended 30 June 2007

Directory

Board of Directors:
Philip G Molyneux AM, B.Econ, FCA. (Chairman, Non-executive)
Peter J Williams, Dip.AII, MAICD, FAIM. (Managing Director)
David F Groves, B.Com, M.Com, CA, FAICD (Non-executive)
John R McConnell, B.Com, FAICD, FAIM, F Fin (Non-executive)
Barry J Jackson, B.Com (Hons), MAICD (Non-executive)
J A (Tony) Killen, Dip.AII, FAICD, FAIM (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 St.
Melbourne, Victoria 3000
Telephone: (03) 8623 5000
Facsimile: (03) 8623 5200
Email: equity@eqt.com.au

Equity Trustees Limited

ABN 46 004 031 298

Directors' Report for the financial year ended 30 June 2007

The directors of Equity Trustees Limited submit herewith the annual financial report for the financial year ended 30 June 2007. 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:

Philip G Molyneux, Chairman
Peter J Williams, Managing Director
David F Groves
John R McConnell
Barry J Jackson
J A (Tony) Killen
Ross A Illingworth (resigned 31 August 2006)

Details of directorships and experience are summarised in the Board of Directors' Profiles.

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 Funds Management, Private Client, Fund Services and Superannuation business units. Further detail pertaining to the activities of these business units can be found in the Business Unit Review report.

REVIEW OF OPERATIONS

For a review of operations refer to the Managing Director's report.

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 2006:

i. An interim dividend of 20 cents per share, franked to 100% at 30% corporate income tax rate, was paid to holders of fully paid ordinary shares on 13 April 2006.

ii. A final 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 10 October 2006.

In respect of the financial year ended 30 June 2007:

iii. 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.

iv. Subsequent to 30 June 2007, the directors declared a final dividend of 45 cents per share, franked to 100% at 30% corporate income tax rate, payable to holders of fully paid ordinary shares on 10 October 2007.

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, 14 board meetings, 11 committee of the board, 4 remuneration and 11 audit & compliance committee (A&CC) meetings were held.

Directors in Attendance	Board Meetings		Committee of the Board[1]		Remuneration & Human Resources Committee		Audit & Compliance Committee	
	Eligible to attend[2]	Attended	Eligible to attend[2]	Attended	Eligible to attend[2]	Attended	Eligible to attend[2]	Attended
P G Molyneux	14	13	11	11	4	4	9	9
P J Williams	14	14	9	9	-	-	-	-
D F Groves	14	14	10	10	-	-	11	11
J R McConnell	14	14	7	7	-	-	11	11
B J Jackson	14	14	4	4	4	4	-	-
J A Killen	14	14	5	5	4	4	-	-
R A Illingworth[3]	2	2	1	1	-	-	1	1

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 Ross A Illingworth resigned as a director on 31 August 2006

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 2007
D F Groves	500,255
J R McConnell	18,768
B J Jackson	10,500
P G Molyneux	6,297
P J Williams	5,230
J A Killen	3,757

REMUNERATION REPORT

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

Remuneration packages contain the following key elements:

i. Salary / fees – includes directors fees and cash salaries;

ii. Performance incentives (executives only) – 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 the directors' retiring allowance (DRA);

vi. Other long-term employee benefits – includes 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.

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 2007. 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 another 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 2007 were accrued at year end and are payable in September 2007. The grant date for the 2007 short-term performance incentive arrangements was 26 July 2006 and there were no alterations to terms or conditions since that date.

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 2007 accrued at year end.

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

2007

Directors	Short-term employee benefits			Post-employment benefits		Other long-term employee benefits	Share-based payments	Total
Non-executive Directors	**Fee / salary $**	**Perf. incentive $**	**Non-monetary $**	**Superannuation $**	**DRA[2] $**	**$**	**Share Awards $**	**$**
P G Molyneux, Chairman	84,243	-	-	7,582	13,388	-	-	105,213
D F Groves	-	-	-	70,850	(15,792)	-	-	55,058
J R McConnell	9,583	-	-	53,092	(3,046)	-	-	59,629
B J Jackson	-	-	-	53,410	(4,081)	-	-	49,329
J A (Tony) Killen	8,500	-	-	47,090	362	-	-	55,952
R A Illingworth[1]	-	-	-	9,583	8,380	-	-	17,963
Executive Director								
P J Williams, Managing Director	310,019	147,940	7,328	12,686	-	3,982	114,246	596,201

2006

Directors	Short-term employee benefits			Post-employment benefits		Other long-term employee benefits	Share-based payments	Total
Non-executive Directors	**Fee / salary $**	**Perf. incentive $**	**Non-monetary $**	**Superannuation $**	**DRA[2] $**	**$**	**Share Awards $**	**$**
P G Molyneux, Chairman	64,500	-	-	5,805	12,668	-	-	82,973
D F Groves	47,000	-	-	4,230	18,483	-	-	69,713
J R McConnell	45,750	-	-	4,118	21,617	-	-	71,485
B J Jackson	17,500	-	-	28,280	13,016	-	-	58,796
J A (Tony) Killen	43,000	-	-	3,870	11,248	-	-	58,118
R A Illingworth	-	-	-	49,868	5,896	-	-	55,764
Executive Director								
P J Williams, Managing Director	280,771	68,800	7,058	12,139	-	2,360	52,177	423,305

1 Mr Illingworth resigned as a director on 31 August 2006 and was paid $36,465 as a directors' retiring allowance.

2 DRA represents an accrual for directors' retiring allowance and is calculated in accordance with the accounting policy as outlined in note 3(e) to the financial statements. The negative balances represent 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 highest remunerated executives and key management personnel of Equity Trustees Limited Group during the year, together with remuneration entitlements:

2007

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

2006

Executives	Short-term employee benefits			Termination benefits	Post employment benefits - Super-annuation	Other long-term employee benefits	Share-based payments		Total
Name	Salary	Perf. incentive	Non-monetary				Share Awards	Employee Share Acquisition Plan	
	$	$	$	$	$	$	$	$	$
H H Kalman, Head of Funds Management	189,849	40,188	6,863	-	12,139	2,322	24,233	993	276,587
T Ryan, CFO & Company Secretary	189,517	39,466	7,195	-	12,139	1,369	24,233	993	274,912
S R Manuell, Head of Private Clients	187,861	28,930	-	-	12,139	1,774	23,190	993	254,887
R P Dillon, Managing Director – ETSL	176,000	44,000	-	27,077	-	-	-	-	247,077
P M Maddox, Head of Fund Services and Chief Legal Officer	167,861	32,366	7,167	-	12,139	1,639	21,683	993	243,848

EXECUTIVE SHARE PERFORMANCE PLAN

During the financial year, the Board of Directors approved the issue of a second series of long term incentive awards (Awards) under the Equity Trustees Limited Executive Performance Share Plan 1999 (the Plan). The total number of share entitlements issued under the 2006/07 series was 43,510 (2006: 48,998).

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 key features of the Award are as follows:

- 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 second 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 2006.
- the term of each Award series is a 3 year period, with additional performance assessments during the 4th year, if required.
- the performance criteria are based on:
    - 50% as to Total Shareholder Return (TSR), and
    - 50% as to Earnings per Share (EPS).
- 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.
- 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 an escrow period of a further 2 years from the end of the initial 3 year measurement period.
- dividends vest to the participant during the 2 year escrow period.
- the use of hedging or derivative techniques is not permitted until shares are released from escrow.

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
				$	$
2006/07 Series	43,510	27/07/2006	30/6/2009	nil	14.36
2005/06 Series	48,998	28/10/2005	30/6/2008	nil	10.31

The weighted average fair value of the share entitlements granted during the financial year is $14.36 (2006: $10.31). 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	2006/07 Series	2005/06 Series
Grant date share price	$18.25	$12.60
Exercise price	nil	nil
Expected volatility	30%pa	30%pa
Share entitlement life	3 years*	3 years*
Dividend yield	3.30%	3.30%
Risk-free interest rate	5.96%	5.35%

* In accordance with the Plan, the measurement of performance criteria is at the end of the 3 year period ending 30 June 2009 for the second series and 30 June 2008 for the first series, however if the performance criteria are not fully achieved there will be further assessments at the end of each month during the 4th year to 30 June 2010 (second series) and 30 June 2009 (first series).

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

	2007		2006	
	Number of share entitlements	Weighted average exercise price $	Number of share entitlements	Weighted average exercise price $
Balance at beginning of the financial year	48,998	-	-	-
Granted during the financial year	43,510	-	48,998	-
Balance at end of the financial year (i)	92,508	-	48,998	-
Exercisable at end of the financial year	-	-	-	-

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, and a weighted average remaining contractual life of 538 days (2006: 731 days), plus if required, a further 365 days if the measurement criteria is not achieved at the end of the three year period for each series.

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

2007	Balance at 1 July 2006 No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June 2007 No.	Balance vested at 30 June 2007 No.	Vested but not exercisable No.	Vested and exercisable No.	Vested during year No.
P J Williams	15,190	12,967	-	-	28,157	-	-	-	-
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	-	-	-	-

Note that the balance of Awards at 1 July 2006 were all granted as compensation during the year ended 30 June 2006.

NON-AUDIT SERVICES

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

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

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration is included on page 12 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 27 August 2007

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 2007.

Philip Molyneux AM, Chairman
B.Econ, FCA
Appointed Chairman 1 January 2003
Non-Executive Director since 1992
Member of Equity Trustees' Remuneration & HR and Audit & Compliance Committees
Philip is involved in non-executive roles in both the not-for-profit and corporate sectors. Between 1998 and July 2007 he chaired the listed biotech research and development company, Anadis Limited, and is a director of the listed company, Pro Medicus Limited, which specialises in software for the radiology sector. Philip's other directorships include the Centre for Eye Research Australia Limited. He is a past director of the Australian National Academy of Music Limited and is a trustee of the Eye Research Foundation, the Ansell Ophthalmology Foundation and The Monash University Accident Research Foundation.

Peter Williams, Managing Director
Executive Director since March 2003
Dip.AII, MAICD, FAIM
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 Asia Pacific Holdings Ltd (previously National Mutual Ltd). His roles included general manager and chief executive officer of AXA Trustees Ltd.
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 and in 2000 he was appointed general manager, Superannuation & Portfolio Services at Perpetual Trustees Australia.
Before 1988, Peter worked in various roles including National Mutual's corporate business manager (Western Australia, South Australia, Northern Territory), superannuation sales consultant and client manager.
Other 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 Peter is currently 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
B.Com, M.Com, CA, FAICD
Non-Executive Director since November 2000
Appointed Chairman of Equity Trustees' Audit & Compliance Committee in January 2003.
A director of GrainCorp Limited, Tassal Group Ltd and Kambala, a leading Australian girl's school located in Sydney. He is also an executive director of a number of private companies involved in agriculture, 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 HarvestRoad Ltd, director of ASG Group Ltd and Housewares International Ltd and chairs Housewares' Remuneration Committee. 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.

JA (Tony) Killen
Dip.AII, FAICD, FAIM
Non-Executive Director since September 2002
Chairman of Equity Trustees' Remuneration & HR Committee
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, he 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 a non-executive director of listed companies, IRESS Market Technology Ltd and Templeton Global Growth Fund Ltd.
Tony is a former chairman of St Vincent's Hospital Melbourne Ltd, a former director of St Vincent's Institute of Medical Research and a past president of the WA Insurance Institute.

Barry Jackson
B.Com (Hons), MAICD
Non-Executive Director since September 2002
Member of Equity Trustees' Remuneration & HR Committee
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, Paperlinx Limited and St Vincent's Institute of Medical Research and ceased to be a director of CSR Limited in March 2007.

Ross Illingworth
B.Bus (HR), GAICD, CFP
Non-Executive Director between March 2003 - 31 August 2006
Member of Equity Trustees' Audit & Compliance Committee between April 2003 and 31 August 2006
Ross is Senior Vice President - Investments, Citi Smith Barney. Having worked in the stockbroking industry since 1986, he has had extensive experience in institutional dealing, charitable foundations, investment companies, capital markets and high net worth private clients. He is a member of the Institute of Company Directors and a graduate of the Company Directors Course and International Directors Course. He is a member and Certified Financial Planner with the Financial Planning Association.
Ross is a director of the Sir Robert Menzies Memorial Foundation Ltd and a member of its Investment Committee and a member of Howard Florey Institute (Corporate and Major Gifts Committee).

Deloitte.

Deloitte Touche Tohmatsu
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Board of Directors
Equity Trustees Limited
575 Bourke Street
Melbourne VIC 3000

27 August 2007

Dear Sirs

Equity Trustees Limited

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

As lead audit partner for the audit of the financial statements of Equity Trustees Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A Caldwell
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Equity Trustees Limited

ABN 46 004 031 298

Directors' Declaration for the financial year ended 30 June 2007

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 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, 27 August 2007

Equity Trustees Limited
ABN 46 004 031 298
Income Statement
for the financial year ended 30 June 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Revenue	5	31,128,693	23,499,589	26,006,180	19,090,379
Other revenue	5	1,934,709	1,842,556	1,812,485	1,803,614
Total revenue	5	33,063,402	25,342,145	27,818,665	20,893,993
Employee benefits expenses	7	13,374,666	11,486,401	11,103,002	9,734,448
Other employment and consulting expenses		1,312,924	964,314	1,022,587	602,931
Audit and tax advice expenses		250,844	236,594	209,226	193,180
Depreciation and amortisation expenses	7	830,702	308,049	714,455	265,158
Insurance expenses		614,096	702,409	539,355	615,222
Legal expenses		149,621	528,060	146,217	509,499
Marketing expenses		1,324,469	892,118	1,238,823	873,339
Information technology expenses		1,168,274	1,025,934	1,055,491	967,806
Occupancy expenses		1,185,061	1,024,432	864,265	867,702
Other expenses		1,045,097	962,924	919,022	854,082
Total expenses		21,255,754	18,131,235	17,812,443	15,483,367
Profit before income tax expense		**11,807,648**	**7,210,910**	**10,006,222**	**5,410,626**
Income tax expense	8	3,664,144	2,055,364	3,120,971	1,513,179
Profit from continuing operations		8,143,504	5,155,546	6,885,251	3,897,447
Profit for the period		8,143,504	5,155,546	6,885,251	3,897,447
Profit attributable to members of the parent entity		8,143,504	5,155,546	6,885,251	3,897,447
Earnings per share					
- Basic (cents per share)	30	105.18	69.94		
- Diluted (cents per share)	30	104.28	69.73		

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

Equity Trustees Limited
ABN 46 004 031 298
Balance Sheet
as at 30 June 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Current assets					
Cash and cash equivalents	38	1,051,510	1,020,622	483,942	452,991
Trade and other receivables	12	4,830,215	3,536,512	4,383,331	3,343,990
Prepaid expenses		497,336	414,503	465,037	389,869
Other current financial assets	13	12,859,362	7,945,937	12,859,362	7,945,937
Reserve fund	19	3,100,000	2,850,000	3,100,000	2,850,000
Total current assets		22,338,423	15,767,574	21,291,672	14,982,787
Non-current assets					
Trade and other receivables	14	148,214	148,214	148,214	148,214
Other financial assets	15	6,486,898	5,154,119	21,282,873	20,973,034
Reserve fund	19	3,100,000	2,850,000	3,100,000	2,850,000
Property, plant & equipment	16	1,282,793	705,938	868,383	646,318
Intangible assets	17	20,408,197	19,095,280	1,273,839	1,157,664
Deferred tax assets	8	1,141,859	1,054,831	1,007,357	1,010,330
Goodwill	20	4,105,658	-	-	-
Total non-current assets		36,673,619	29,008,382	27,680,666	26,785,560
Total assets		59,012,042	44,775,956	48,972,338	41,768,347
Current liabilities					
Trade and other payables	21	847,238	1,091,823	284,938	847,912
Provisions	22	2,850,089	2,639,927	2,783,621	2,586,562
Other current liabilities	23	5,772,299	562,692	597,299	562,692
Current tax payable	8	1,905,921	1,589,142	1,905,921	1,589,142
Total current liabilities		11,375,547	5,883,584	5,571,779	5,586,308
Non-current liabilities					
Provisions	24	1,206,293	1,072,713	1,042,613	1,009,577
Other non-current liabilities	25	201,801	34,995	124,502	124,502
Deferred tax liabilities - investment revaluation	8	1,790,171	1,428,063	1,790,171	1,428,063
Total non-current liabilities		3,198,265	2,535,771	2,957,286	2,562,142
Total liabilities		14,573,812	8,419,355	8,529,065	8,148,450
Net assets		44,438,230	36,356,601	40,443,273	33,619,897
Equity					
Issued capital	27	29,469,242	26,122,159	29,469,242	26,122,159
Reserves	28	2,422,530	2,025,530	2,422,530	2,025,530
Investment revaluation reserve	29	4,241,007	3,418,684	4,241,007	3,418,684
Retained earnings		8,305,451	4,790,228	4,310,494	2,053,524
Equity attributable to equity holders of the parent		44,438,230	36,356,601	40,443,273	33,619,897
Total equity		44,438,230	36,356,601	40,443,273	33,619,897

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

Equity Trustees Limited
ABN 46 004 031 298
Statement of changes in equity
for the financial year ended 30 June 2007

Consolidated	Fully paid ordinary shares	General	Investment revaluation	Capital profit	Retained earnings	Equity settled benefit
		Reserves				
	$	$	$	$	$	$
Balance at 1 July 2005	14,205,108	1,500,000	2,867,323	254,201	2,782,761	-
Increase from revaluation of available for sale investments	-	-	1,243,793	-	-	-
Related income tax	-	-	(373,138)	-	-	-
Net income recognised directly in equity	-	-	870,655	-	-	-
Profit for the period	-	-	-	-	5,155,546	-
Gain on sale of available for sale investments	-	-	(444,431)	-	-	-
Related income tax	-	-	125,137	-	-	-
Total recognised income and expense	-	-	551,361	-	5,155,546	-
Shares issued under share placement and share purchase plan	10,904,256	-	-	-	-	-
Shares issued under dividend reinvestment plan	1,254,314	-	-	-	-	-
Share issue costs	(256,935)	-	-	-	-	-
Related income tax	15,416					
Provision for executive share entitlements	-	-	-	-	-	168,329
Provision for employee share acquisition plan shares	-	-	-	-	-	103,000
Payment of dividends	-	-	-	-	(3,148,079)	-
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	-	-	-	-	-	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

Company	Fully paid ordinary shares	General	Investment revaluation	Capital profit	Retained earnings	Equity settled benefit
		Reserves				
	$	$	$	$	$	$
Balance at 1 July 2005	14,205,108	1,500,000	2,867,323	254,201	1,304,156	-
Increase from revaluation of available for sale investments	-	-	1,243,793	-	-	-
Related income tax	-	-	(373,138)	-	-	-
Net income recognised directly in equity	-	-	870,655	-	-	-
Profit for the period	-	-	-	-	3,897,447	-
Gain on sale of available for sale investments	-	-	(444,431)	-	-	-
Related income tax	-	-	125,137	-	-	-
Total recognised income and expense	-	-	551,361	-	3,897,447	-
Shares issued under share placement and share purchase plan	10,904,256	-	-	-	-	-
Shares issued under dividend reinvestment plan	1,254,314	-	-	-	-	-
Share issue costs	(256,935)	-	-	-	-	-
Related income tax	15,416	-	-	-	-	-
Provision for executive share entitlements	-	-	-	-	-	168,329
Provision for employee share acquisition plan shares	-	-	-	-	-	103,000
Payment of dividends	-	-	-	-	(3,148,079)	-
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	-	-	-	-	-	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

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

Equity Trustees Limited
ABN 46 004 031 298
Cash Flow Statement
for the financial year ended 30 June 2007

	Note	Consolidated		Company	
		2007	2006	2007	2006
		$	$	$	$
Cash flows from operating activities					
Receipts from customers		30,933,386	24,702,014	24,755,337	19,213,394
Payments to suppliers and employees		(20,564,878)	(18,017,355)	(16,528,153)	(14,307,041)
Income tax paid		(3,407,868)	(2,408,655)	(3,407,868)	(2,408,655)
Net cash provided by operating activities	38 (b)	6,960,640	4,276,004	4,819,316	2,497,698
Cash flows from investing activities					
Payment for investment securities		(1,371,233)	(4,057,762)	(1,371,233)	(4,057,762)
Proceeds on sale of investment securities		1,302,876	5,327,069	1,302,876	5,327,069
Interest received		631,091	808,789	597,177	780,431
Dividends received		329,611	358,152	329,611	358,152
Proceeds from repayment of related party loans		4,502	3,161	1,660,616	1,958,162
Payment for property, plant and equipment		(995,137)	(293,406)	(475,950)	(255,916)
Payment for intangible assets		(618,138)	(492,623)	(618,138)	(492,623)
Payment for management rights		-	(15,341,095)	-	(15,341,095)
Net cash (used in)/ provided by investing activities		(716,428)	(13,687,715)	1,424,959	(11,723,582)
Cash flows from financing activities					
Proceeds from issue of equity securities		3,282,802	12,158,570	3,282,802	12,158,570
Payment for share issue cost		(56,759)	(256,935)	(56,759)	(256,935)
Dividend paid to members of the parent entity		(4,628,281)	(3,148,080)	(4,628,281)	(3,148,080)
Net cash provided by/(used in) financing activities		(1,402,238)	8,753,555	(1,402,238)	8,753,555
Net (decrease)/ increase in cash held		4,841,974	(658,156)	4,842,037	(472,329)
Cash and cash equivalents at beginning of financial year		7,472,222	8,130,378	6,904,591	7,376,920
Cash and cash equivalents at end of financial year	38 (a)	12,314,196	7,472,222	11,746,628	6,904,591

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

Equity Trustees Limited
ABN 46 044 031 298
Notes to the financial statements
for the financial year ended 30 June 2007

1. General information

Equity Trustees Limited (the Company) is a listed public company, 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.

2. Adoption of new and revised accounting standards

In the current year, Equity Trustees Limited and its subsidiaries (refer note 34) ('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. The adoption of these new and revised Standards and Interpretations has resulted in the following changes to the Group's accounting policies that have affected the amounts reported for current or prior years:

- Financial guarantee contracts (AASB 2005-09 Amendment to Australian Accounting Standards).

The impact of the above change in accounting policies is as follows:

The AASB released AASB 2005-09 'Amendments to Australian Accounting Standards' in September 2005. AASB 2005-09 amends AASB 139 'Financial Instruments: Recognition and Measurement' to require certain financial guarantee contracts to be recognised in accordance with AASB 139 and measured initially at their fair values, and subsequently measured at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the Group's revenue recognition policies.
The changes introduced by AASB 2005-09 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e. with effect from 1 July 2005). The Group is party to a financial guarantee contract where an entity in the Group has provided a financial guarantee to a bank in respect of an entity external to the Equity Trustees Group. The application of these amendments results in such financial guarantee contracts now being recognised and measured at the higher of the best estimate of the expenditure required to settle the obligation and the amount initially recognised less, where appropriate, cumulative amortisation.
The impact of this change in accounting policy on the consolidated financial report at the beginning of the comparative period is nil (the adjustment is immaterial). There is no impact on the income statement for the financial year ended 30 June 2007 (the adjustment is immaterial) (June 2006: nil). There is also no impact on the balance sheet as at 30 June 2007 (the adjustment is immaterial) (June 2006: nil). The impact on basic and diluted earnings per share is nil (2006: nil).
At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2007
AASB 101 'Presentation of Financial Statements' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2007
AASB 8 'Operating Segments'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'	Effective for annual reporting periods beginning on or after 1 July 2007
AASB Interpretation 10 'Interim Financial Reporting and Impairment'	Effective for annual reporting periods beginning on or after 1 November 2006
AASB Interpretation 11 'Group and Treasury Share Transactions'	Effective for annual reporting periods beginning on or after 1 March 2007
AASB Interpretation 12 'Service Concession Arrangements'	Effective for annual reporting periods beginning on or after 1 January 2008

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company or the Group. The circumstances addressed by Interpretation 10, which prohibits the reversal of certain impairment losses, do not affect either the Company's or the Group's previously reported results and accordingly, there will be no impact to these financial statements on adoption of the Interpretation. The Group accounts for share based payment arrangements where the Group receives services as consideration for its own equity instruments as equity settled therefore Interpretation 11 will not result in any changes. Interpretation 12 is not relevant.

2. Adoption of new and revised accounting standards (cont'd)

The application of AASB 101 (revised), AASB 7, AASB 2005-10, AASB 8, and AASB 2007-4 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Company's and the Group's financial instruments, the objectives, policies and processes for managing capital, and segment related disclosures.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement, which will be the Company's annual reporting period beginning on 1 July 2007, apart from AASB 8 which will be applied for the Company's annual reporting period beginning on 1 July 2009.

3. 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. 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 comply with International Financial Reporting Standards ('IFRS'). The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

The financial statements were authorised for issue by the directors on 27 August 2007.

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.

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.

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.

Equity Trustees Limited
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Notes to the financial statements
for the financial year ended 30 June 2007

3. Significant accounting policies (cont'd)

(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.

(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 current assets, non-current assets, current liabilities, non-current liabilities or equity, or the profit/(loss) of the Company or Group as reported in the prior financial report.

(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 incurred.

(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.

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 39. 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.

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Notes to the financial statements
for the financial year ended 30 June 2007

3. Significant accounting policies (cont'd)

(f) *Financial assets (cont'd)*

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.

(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.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described in note 3 (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:

i. 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
ii. 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 acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any 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 groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the CGU (or groups of CGUs) pro-rata on the basis of the carrying amount of each asset in the CGU (or groups 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 relating to income are recognised as income over the periods necessary to match them with the related costs. 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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3. Significant accounting policies (cont'd)

(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 fair value, 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

<u>Current tax</u>

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).

<u>Deferred tax</u>

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 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.

3. Significant accounting policies (cont'd)

(l) Income tax(cont'd)

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 in a business combination

All potential 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.

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 3(k)). Management rights relating to the acquisition of the Freedom of Choice business are carried at cost less accumulated amortisation.

(n) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership 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.

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

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.

3. Significant accounting policies (cont'd)

(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.

(r) *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. 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.

(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.

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.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, 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 various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. 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.

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 management rights

Determining whether goodwill or the management rights are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and the 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 $4,105,658 and $19,054,358 for the management rights at 30 June 2007 (goodwill nil and management rights $17,937,616 at 30 June 2006). No impairment has been identified (30 June 2006: nil).

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5 Revenue

An analysis of the Group's revenue for the year, from continuing operations (there were no discontinued operations), is as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Continuing operations				
Revenue from business activities	31,128,693	23,499,589	26,006,180	19,090,379
Rental revenue:				
-Rental other	104,310	26,417	16,000	15,833
Interest revenue:				
-Bank deposits	67,007	54,066	33,093	25,708
-Investments	731,770	822,574	731,770	822,574
Dividends:				
-Other entities	337,228	353,005	337,228	353,005
Gain on sale of available-for-sale investments	694,394	586,494	694,394	586,494
	1,934,709	1,842,556	1,812,485	1,803,614
Attributable to continuing operations	33,063,402	25,342,145	27,818,665	20,893,993

6 Finance cost

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Other interest expense	-	2,944	-	2,944
Total interest expense	-	2,944	-	2,944
Other finance cost - makegood provision	-	(56,041)	-	(56,041)
Total finance cost	-	(53,097)	-	(53,097)
Attributable to:				
Continuing operations	-	(53,097)	-	(53,097)
Discontinued operations	-	-	-	-
	-	(53,097)	-	(53,097)

7 Profit for the year

(a) Gains and losses

Profit/(loss) for the year has been arrived at after crediting/(charging) the following gains and losses relating to continuing operations (there were no discontinued operations):

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Gain/(loss) on disposal of property, plant and equipment	(6,450)	(2,365)	(6,450)	(2,365)
Gain/(loss) on disposal of investments	190,689	142,063	190,689	142,063
Reversal of gain/(loss) from equity on disposal of investments classified as available-for-sale	503,705	444,431	503,705	444,431
Government grants received for staff training	14,000	40,500	14,000	40,500
	687,944	584,129	687,944	584,129

(b) Other expenses

	Consolidated		Company	
	2007	2006	2007	2006
Profit for the year includes the following expenses:				
Depreciation of non-current assets	348,598	195,804	252,351	152,913
Amortisation of non-current assets	482,104	112,245	462,104	112,245
Total depreciation and amortisation	830,702	308,049	714,455	265,158
Claims provided for and settlement of litigation	35	250,000	35	250,000
Operating lease rental expenses:				
-Minimum lease payments	1,052,461	963,706	731,717	814,447
-Sub-lease payments received	(104,310)	(26,417)	(16,000)	(15,833)
	948,151	937,289	715,717	798,614
Employee benefit expense:				
Post employment benefit:				
-Defined contribution plan (Superannuation)	936,886	731,260	702,926	590,261
Share-based payments:				
-Equity-settled share-based payments	500,000	271,329	500,000	271,329
Other employee benefits	11,937,780	10,483,812	9,900,076	8,872,858
	13,374,666	11,486,401	11,103,002	9,734,448

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	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
8 Income taxes				
(a) Income tax expense recognised in the income statement				
Income tax expense comprises:				
Current income tax expense	3,736,473	2,526,730	3,108,201	1,981,649
Adjustments recognised in the current year in relation to the current tax of prior years	10,256	(174,103)	10,245	(174,273)
Deferred tax expense relating to the origination and reversal of temporary differences	(82,585)	(297,263)	2,525	(294,197)
Total income tax expense	3,664,144	2,055,364	3,120,971	1,513,179
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 continuing operations	11,807,648	7,210,910	10,006,222	5,410,625
Profit from operations	11,807,648	7,210,910	10,006,222	5,410,625
Income tax expense calculated at 30%	3,542,295	2,163,273	3,001,867	1,623,188
Non-deductible expenses	205,385	164,410	202,651	162,480
Other	(93,792)	(98,216)	(93,792)	(98,216)
	3,653,888	2,229,467	3,110,726	1,687,452
(Over)/under provision for income tax expense in previous year	10,256	(174,103)	10,245	(174,273)
	3,664,144	2,055,364	3,120,971	1,513,179

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 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
(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	459,219	373,138	459,219	373,138
Share issue expenses deductible over 5 years	(18,821)	(15,416)	(18,821)	(15,416)
	440,398	357,722	440,398	357,722
(c) Current tax assets and liabilities				
Current tax payables:				
Income tax payable attributable to:				
Parent entity	1,905,921	1,582,531	1,905,921	1,582,531
Entities in the tax-consolidated group	-	6,611	-	6,611
	1,905,921	1,589,142	1,905,921	1,589,142
(d) Deferred tax balances				
Deferred tax assets comprise:				
Temporary differences	1,141,859	1,054,831	1,007,357	1,010,330
Deferred tax liabilities comprise:				
Temporary differences - investment revaluation	1,790,171	1,428,063	1,790,171	1,428,063

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8 Income taxes (cont'd)

(d) Deferred tax balances (cont'd)

Taxable and deductible temporary differences arise from the following:

	Consolidated				
2007	**Opening balance $**	**Charged to income $**	**Charged to equity $**	**Acquisitions /disposals $**	**Closing balance $**
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
2006					
Gross deferred tax liabilities:					
Available-for-sale investments	1,180,062	(125,137)	373,138	-	1,428,063
Gross deferred tax assets:					
Provisions	725,741	364,363	-	-	1,090,104
Expenditure deductible over 5 years	22,827	(6,933)	-	-	15,894
Property, plant and equipment	62,393	(45,910)	-	-	16,483
Intangible assets	(19,416)	(48,234)	-	-	(67,650)
	791,545	263,286	-	-	1,054,831

	Company				
2007	**Opening balance $**	**Charged to income $**	**Charged to equity $**	**Acquisitions/ disposals $**	**Closing balance $**
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
2006					
Gross deferred tax liabilities:					
Available-for-sale investments	1,180,062	(125,137)	373,138	-	1,428,063
Gross deferred tax assets:					
Provisions	683,429	361,543	-	-	1,044,972
Expenditure deductible over 5 years	22,827	(6,933)	-	-	15,894
Property, plant and equipment	63,186	(46,072)	-	-	17,114
Intangible assets	(19,416)	(48,234)	-	-	(67,650)
	750,026	260,304	-	-	1,010,330

The Group has no unrecognised deferred tax balances.

(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 34.

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.

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	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
9 Key management personnel remuneration				
Short term employee benefits	1,314,684	1,117,263	1,036,532	897,263
Termination benefit	-	27,077	-	-
Post employment benefits (Superannuation)	75,686	48,556	56,826	48,556
Other long term benefits	15,854	7,104	11,195	7,104
Share awards	200,668	93,339	200,668	93,339
Employee share acquisition plan	4,910	3,972	3,928	3,972
	1,611,802	1,297,311	1,309,149	1,050,234

Full details of the remuneration of specified directors and executives for the year ended 30 June 2007 are outlined in the Directors' Report.

10 Executive Share Performance Plan
The share awards of the specified executive director and specified executives for the year ended 30 June 2007 is outlined in the Directors' Report.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
11 Remuneration of auditors				
Auditor of the parent entity				
Audit and review of the financial report	176,785	194,999	144,600	151,585
Other audits	41,690	8,365	41,690	8,365
Taxation services	16,115	33,230	16,115	33,230
Due diligence	35,945	-	9,500	-
	270,535	236,594	211,905	193,180

The auditor of Equity Trustees Limited is Deloitte Touche Tohmatsu.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
12 Current trade and other receivables				
Trade receivables (i)	2,951,955	2,755,028	2,686,380	2,562,506
Allowance for doubtful debts	(80,746)	(40,947)	(80,746)	(40,947)
Other	1,959,006	822,431	1,777,697	822,431
	4,830,215	3,536,512	4,383,331	3,343,990

(i) The average credit period for trade receivables is less than 30 days. 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 each account. During the current financial year, the allowance for doubtful debts increased by $39,799 (2006: decrease by $25,424) for the Group and increased by $39,799 (2006: decrease by $25,424) for the Company. The movement was recognised in the income statement for the current financial year.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
13 Other current financial assets				
Short term deposits	11,262,686	6,451,600	11,262,686	6,451,600
Managed investments funds	1,596,676	1,494,337	1,596,676	1,494,337
	12,859,362	7,945,937	12,859,362	7,945,937

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
14 Non-current trade and other receivables				
Corpus commission earned but not collected	148,214	148,214	148,214	148,214
	148,214	148,214	148,214	148,214

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
15 Other non-current financial assets				
Shares in controlled entities	-	-	12	12
Available-for-sale shares	6,486,898	5,149,756	6,486,898	5,149,756
Loans and mortgages	-	4,363	-	4,363
Intercompany loans	-	-	14,795,963	15,818,903
	6,486,898	5,154,119	21,282,873	20,973,034

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16 Property, plant and equipment

	Consolidated			
	Computer & telecom equipment at cost	Leasehold improvements at cost	Office furniture & equipment at cost	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2005	686,219	318,677	405,629	1,410,525
Additions	233,771	-	76,055	309,826
Disposals	(161,239)	-	(48,944)	(210,183)
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 30 June 2007	1,020,329	485,779	899,544	2,405,652
Accumulated depreciation/ amortisation and impairment				
Balance at 1 July 2005	438,165	121,068	257,012	816,245
Disposals	(159,915)	-	(47,904)	(207,819)
Depreciation expense	82,062	40,969	72,773	195,804
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 30 June 2007	509,387	239,812	373,660	1,122,859
Net book value				
As at 30 June 2006	398,439	156,640	150,859	705,938
As at 30 June 2007	510,942	245,967	525,884	1,282,793

	Company			
	Computer & telecom equipment at cost	Leasehold improvements at cost	Office furniture & equipment at cost	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2005	686,219	318,677	335,906	1,340,802
Additions	233,771	-	22,145	255,916
Disposals	(161,239)	-	(48,944)	(210,183)
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 30 June 2007	1,020,329	485,779	324,874	1,830,982
Accumulated depreciation/ amortisation and impairment				
Balance at 1 July 2005	438,165	121,068	235,890	795,123
Disposals	(159,915)	-	(47,904)	(207,819)
Depreciation expense	82,062	40,969	29,882	152,913
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 30 June 2007	509,387	239,812	213,400	962,599
Net book value				
As at 30 June 2006	398,439	156,640	91,239	646,318
As at 30 June 2007	510,942	245,967	111,474	868,383

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Aggregate depreciation recognised as an expense during the year:				
Computer & telecom equipment	149,377	82,062	149,377	82,062
Leasehold improvements	77,775	40,969	77,775	40,969
Office furniture and equipment	121,446	72,773	25,199	29,882
	348,598	195,804	252,351	152,913

No depreciation was capitalised.
Depreciation expense is included in the line item 'depreciation and amortisation expenses' of the income statement.

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17 Intangible assets

	Consolidated			
	Computer Software $	Leasehold makegood $	Management rights $	Total $
Gross carrying amount				
Balance at 1 July 2005	1,561,265	658,162	5,193,050	7,412,477
Additions	492,622	-	12,744,566	13,237,188
Amendment to amortisation expense	-	(348,424)	-	(348,424)
Disposals	(220,777)	-	-	(220,777)
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 30 June 2007	2,411,233	409,738	19,054,358	21,875,329
Accumulated amortisation and impairment				
Balance at 1 July 2005	805,770	287,946	-	1,093,716
Amortisation expense (i)	225,964	38,717	-	264,681
Amendment to amortisation expense	-	(152,436)	-	(152,436)
Disposals	(220,777)	-	-	(220,777)
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 30 June 2007	1,137,394	329,738	-	1,467,132
Net book value				
As at 30 June 2006	1,022,153	135,511	17,937,616	19,095,280
As at 30 June 2007	1,273,839	80,000	19,054,358	20,408,197

	Company			
	Computer Software $	Leasehold makegood $	Management rights $	Total $
Gross carrying amount				
Balance at 1 July 2005	1,561,265	658,162	-	2,219,427
Additions	492,622	-	-	492,622
Amendment to amortisation expense	-	(348,424)	-	(348,424)
Disposals	(220,777)	-	-	(220,777)
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 30 June 2007	2,411,233	309,738	-	2,720,971
Accumulated amortisation and impairment				
Balance at 1 July 2005	805,770	287,946	-	1,093,716
Amortisation expense (i)	225,964	38,717	-	264,681
Amendment to amortisation expense	-	(152,436)	-	(152,436)
Disposals	(220,777)	-	-	(220,777)
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 30 June 2007	1,137,394	309,738	-	1,447,132
Net book value				
As at 30 June 2006	1,022,153	135,511	-	1,157,664
As at 30 June 2007	1,273,839	-	-	1,273,839

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

Significant intangible assets
The Group holds management rights for the Wealthpac Master Trust. The carrying value is $17,937,616 (2006: $17,937,616). These management rights have an indefinite life. During the financial year the Group acquired the management rights to the Freedom of Choice superannuation business. As outlined in note 36, the accounting for this acquisition has only provisionally been determined at reporting date. The provisional acquisition cost of the management rights is $1,116,742 and the carrying value at 30 June 2007 is also $1,116,742 (2006: nil).

Revision of accounting estimates
During the 2006 financial year management reassessed the amount required to be provided for makegood of the premises at 575 Bourke St, Melbourne. The revised assessment of the cost of makegood was based on a quote provided by an independent building contractor. This resulted in an amendment to the amortisation expense for that year to adjust for the change in accounting estimate. However, the adjustment should have resulted in the remaining balance of the makegood asset being written down. This adjustment for $135,511 has been made during the 2007 financial year.

18 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.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
19 Reserve Fund Investments				
Managed investment funds (current)	3,100,000	2,850,000	3,100,000	2,850,000
Share investments (non-current)	3,100,000	2,850,000	3,100,000	2,850,000
	6,200,000	5,700,000	6,200,000	5,700,000

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 Reserve Fund calculation as at 30 June 2007 is $6,128,103 (2006: $5,687,768).

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
20 Goodwill				
Balance at beginning of the financial year	-	-	-	-
Amounts recognised from business combinations occurring during the year.	4,105,658	-	-	-
Balance at end of the financial year	4,105,658	-	-	-

During the financial year the Group assessed the recoverable amount of goodwill and determined that no impairment had occurred.

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to one group of cash-generating units, as follows:

Group of cash-generating units

Equity Trustees Superannuation Limited Group (ETSL Group).

ETSL Group comprises of Equity Trustees Superannuation Limited (ETSL) and Equity Investment Management Limited (EIML). 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.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
21 Current trade and other payables				
Trade payables (i)	693,247	587,658	138,689	436,650
Goods and services tax payable	153,991	504,165	146,249	411,262
	847,238	1,091,823	284,938	847,912

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

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22 Current provisions	Consolidated Claims (i) $	Equity Trustees Foundation Donation (ii) $	Employee Benefits (note 26) $	Other (iii) $	Total $
Balance at 1 July 2006	423,400	68,000	1,849,080	299,447	2,639,927
Additional provisions recognised	-	110,000	-	565,292	675,292
Reductions arising from payments	-	(68,000)	-	(397,374)	(465,374)
Reductions resulting from re-measurement or settlement without cost	(173,400)	-	-	-	(173,400)
Other movements	-	-	173,644	-	173,644
Balance at 30 June 2007	250,000	110,000	2,022,724	467,365	2,850,089

	Company Claims (i) $	Equity Trustees Foundation Donation (ii) $	Employee Benefits (note 26) $	Other (iii) $	Total $
Balance at 1 July 2006	423,400	68,000	1,795,715	299,447	2,586,562
Additional provision recognised	-	110,000	-	565,292	675,292
Reductions arising from payments	-	(68,000)	-	(397,374)	(465,374)
Reductions resulting from re-measurement or settlement without cost	(173,400)	-	-	-	(173,400)
Other movements	-	-	160,541	-	160,541
Balance at 30 June 2007	250,000	110,000	1,956,256	467,365	2,783,621

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.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
23 Other current liabilities				
Corpus commission collected but not earned	407,594	387,849	407,594	387,849
Owing to vendor - Freedom of Choice business	5,175,000	-	-	-
Other	189,705	174,843	189,705	174,843
	5,772,299	562,692	597,299	562,692

24 Non-current provisions	Consolidated Claims $	Makegood (i) $	Employee Benefits (note 26) $	Other $	Total $
Balance at 1 July 2006	-	376,488	696,225	-	1,072,713
Additional provisions recognised	-	100,000	-	-	100,000
Other movements	-	-	33,580	-	33,580
Balance at 30 June 2007	-	476,488	729,805	-	1,206,293

	Company Claims $	Makegood (i) $	Employee Benefits (note 26) $	Other $	Total $
Balance at 1 July 2006	-	376,488	633,089	-	1,009,577
Additional provisions recognised	-	-	-	-	-
Other movements	-	-	33,036	-	33,036
Balance at 30 June 2007	-	376,488	666,125	-	1,042,613

(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.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
25 Other non-current liabilities				
Amounts owing to controlled entity	-	-	89,507	89,507
Lease incentive	166,806	-	-	-
Corpus commission collected but not earned	34,995	34,995	34,995	34,995
	201,801	34,995	124,502	124,502

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
26 Employee Benefits				
The aggregate employee benefits liability recognised and included in the financial statements is as follows:				
Provision for employee benefits:				
Current (note 22)				
- Annual leave	342,647	319,738	277,193	267,051
- Long service leave	31,268	36,323	30,254	35,645
- Bonus	1,477,315	1,260,171	1,477,315	1,260,171
- Directors' retiring allowance	171,494	232,848	171,494	232,848
	2,022,724	1,849,080	1,956,256	1,795,715
Non-current (note 24)				
- Annual leave	203,315	221,509	165,017	188,090
- Long service leave	293,203	265,528	267,821	235,811
- Directors' retiring allowance	233,287	209,188	233,287	209,188
	729,805	696,225	666,125	633,089
	2,752,529	2,545,305	2,622,381	2,428,804

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
27 Issued capital				
7,827,563 fully paid ordinary shares (2006: 7,683,444)	29,469,242	26,122,159	29,469,242	26,122,159

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.

	2007 No.	2007 $	2006 No.	2006 $
Fully paid ordinary shares				
Balance at beginning of financial year	7,683,444	26,122,159	6,480,850	14,205,108
Shares issued under share placement and share purchase plan	67,643	1,762,100	1,101,440	10,904,256
Shares issued under employee share scheme	5,665	102,253	-	-
Shares issued under dividend reinvestment plan (DRP)	70,811	1,520,668	101,154	1,254,314
Share issue costs	-	(37,938)	-	(241,519)
Balance at end of financial year	7,827,563	29,469,242	7,683,444	26,122,159

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 2007, the managing director and eligible executives have share entitlements over 92,508 ordinary shares (2006: 48,998), in aggregate. Further details of the Plan are contained in the remuneration report within the Directors' Report.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
28 Reserves				
General (i)	1,500,000	1,500,000	1,500,000	1,500,000
Employee equity-settled benefits (ii)	668,329	271,329	668,329	271,329
Capital profits (iii)	254,201	254,201	254,201	254,201
	2,422,530	2,025,530	2,422,530	2,025,530

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 2007 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.

29 Investment revaluation reserve
The movement in the investment revaluation reserve account is shown in the statement of changes in equity.
The investment revaluation reserve arises on the revaluation of investment financial assets that are accounted for as available-for-sale (refer note 3(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.

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	Consolidated	
	2007 Cents per share	2006 Cents per share
30 Earnings per share		
Basic earnings per share [1]	105.18	69.94
Total basic earnings per share	105.18	69.94
Diluted earnings per share [1]	104.28	69.73
Total diluted earnings per share	104.28	69.73

[1] No discontinued operations

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:

	Consolidated	
	2007 $	2006 $
Earnings [1]	8,143,504	5,155,546
	2007 No.	2007 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	7,742,378	7,371,590

[1] No discontinued operations

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:

	Consolidated	
	2007 $	2006 $
Earnings [1]	8,143,504	5,155,546
	2007 No.	2006 No.
Weighted average number of ordinary shares for the purposes of diluted earnings per share.	7,809,214	7,393,847

[1] 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	
	2007 $	2006 $
Weighted average number of ordinary shares used in the calculation of basic earnings per share	7,742,378	7,371,590
Employee share entitlements	66,836	22,257
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	7,809,214	7,393,847

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

31 Dividends	2007		2006	
	Cents per share	$	Cents per share	$
Recognised amounts				
Fully paid ordinary shares				
Interim dividend:				
Fully franked (Prior year: Fully franked)	30	2,321,548	20	1,527,866
Final dividend:				
Fully franked (Prior year: Fully franked)	30	2,306,733	25	1,620,213
	60	4,628,281	45	3,148,079
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend	45	3,522,403	30	2,306,733
Fully franked (Prior year: Fully franked)				

	Company	
	2007 $	2006 $
Adjusted franking account balance	5,825,286	4,262,870
Impact on franking account balance of dividends not recognised	1,509,601	988,560

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32 Commitments for expenditure

(a) Capital expenditure commitments

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Plant and equipment				
Not longer than 1 year	140,650	476,673	140,650	-

(b) Operating lease commitments

(i) There are two 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 2011, in relation to a controlled entity.

(ii) A number of equipment leases are in existence with expiry dates to April 2010.
There are 2 copier leases which have minimum monthly lease payments and additional charges if usage exceeds a set number of monthly prints.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Non-cancellable operating lease payments				
Not longer than 1 year	947,669	920,904	675,771	659,464
Longer than 1 year and not longer than 5 years	1,928,456	2,875,263	1,045,750	1,720,660
	2,876,125	3,796,167	1,721,521	2,380,124

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

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Lease incentives				
Current	-	-	-	-
Non-current	166,806	-	-	-
	166,806	-	-	-

The Group has no onerous lease contracts.

(iii) There is one non-cancellable operating property sublease which expires 30 June 2011.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Non-cancellable operating lease receivables				
Not longer than 1 year	46,747	44,949	-	-
Longer than 1 year and not longer than 5 years	48,616	95,363	-	-
	95,363	140,312	-	-

33 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.
In the previous financial year the Group disclosed the following contingent liabilities:

- $20,000 relating to a bank guarantee for a performance bond in relation to the holding of an Australian Financial Services licence.
- $500,000 relating to a bank guarantee in relation to its non-broker participation with the Australian Stock Exchange.
- $151,376 in relation to a performance bond for a controlled entity's building lease.

As outlined in note 2, the AASB released AASB 2005-09 'Amendments to Australian Accounting Standards' in September 2005. AASB 2005-09 amends AASB 139 'Financial Instruments: Recognition and Measurement' to require certain financial guarantee contracts to be recognised in accordance with AASB 139 and measured initially at their fair values, and subsequently measured at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the Group's revenue recognition policies. The contingent liabilities disclosed in the prior year for the bank guarantees and performance bond are now recognised in accordance with the amendments introduced by AASB 2005-09. As outlined in note 2 the amounts recognised under this change of accounting policy are nil as the adjustments are immaterial.
Apart from the disclosures above , the above contingent liabilities are unchanged from 30 June 2006.
There are no contingent assets (2006: nil)

34 Subsidiaries

Name of entity	Country of incorporation	Ownership interest 2007	Ownership interest 2006
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%

(i) Equity Trustees Limited is the head entity within the tax consolidated group.
(ii) All the above subsidiaries are members of the tax consolidated group

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	2007	2006
35 Segment information	$	$
Segment revenues		
Funds Management	14,129,498	11,885,764
Trustee Services and Responsible Entity	16,999,195	11,613,825
Total all segments	31,128,693	23,499,589
Unallocated [1]	1,934,709	1,842,556
Consolidated	33,063,402	25,342,145
[1] Unallocated includes the following:		
Gain on sale of investments	694,394	586,494
Other investment income	1,240,315	1,256,062
Total unallocated	1,934,709	1,842,556

All segment revenues are from external sales.

	2007	2006
Segment result		
Funds Management	7,319,231	7,096,354
Trustee Services and Responsible Entity	11,552,614	7,541,211
Total all segments	18,871,845	14,637,565
Unallocated [2]	(7,064,197)	(7,426,655)
Profit before income tax expense	11,807,648	7,210,910
Income tax expense	(3,664,144)	(2,055,364)
Profit after income tax expense	8,143,504	5,155,546
[2] Unallocated includes the following:		
Gains/(loss) on sale of investments	694,394	586,494
Other investment income	1,240,315	1,256,062
Business support services	(8,998,906)	(9,269,211)
Total unallocated	(7,064,197)	(7,426,655)

	Assets		Liabilities	
	2007	2006	2007	2006
	$	$	$	$
Segment assets and liabilities				
Funds Management	26,278,921	19,655,287	6,134,255	430,941
Trustee Services and Responsible Entity	2,821,688	2,446,920	685,818	1,368,878
Total of all segments	29,100,609	22,102,207	6,820,073	1,799,819
Unallocated	29,911,433	22,673,749	7,753,739	6,619,536
Consolidated	59,012,042	44,775,956	14,573,812	8,419,355

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.

36 Acquisition of Business

Name of business acquired	**Principal activity**	**Date of acquisition**	**Proportion acquired**	**Cost of acquisition**
2007				
Freedom of Choice Superannuation Master Fund and Investor Directed Portfolio Service (IDPS)	Superannuation fund and IDPS	29/06/2007	100%	$5,222,400
2006				
Nil				

The Freedom of Choice business comprises of the right to manage the Freedom of Choice Superannuation Master Fund and IDPS. The Group has acquired 100% of these rights.
The assets in the Freedom of Choice business acquired were internally generated intangible assets relating to the existing customer base and existing customer relationships. These intangible assets did not have a book value in the accounts of the vendor. The fair value of these intangible assets on acquisition is $1,116,742 and the balance of the acquisition is goodwill of $4,105,658.

Goodwill arose on the acquisition of the Freedom of Choice business 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 are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliable measured.

The initial accounting for the acquisition of the Freedom of Choice Superannuation Master Fund and IDPS 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 the fair value valuations have 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.
The Freedom of Choice business will be acquired for cash. The purchase price for this business is payable in three tranches. The first tranche of $2,500,000 was paid 11 July 2007. The second tranche of $1,250,000 is payable on 30 October 2007. The third tranche is payable on 30 October 2008 and is estimated to be $1,425,000. The final tranche will be adjusted by a formula that takes into account changes in funds under management over the period from 30 October 2007 to 30 October 2008. The balance of the cost of acquisition is capitalised acquisition costs of $47,400.
As the Freedom of Choice business was acquired on 29 June 2007 no amounts have been included in the net profit for the period to 30 June 2007 in relation to this acquisition.
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.

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37 Related party disclosures

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 34 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 the Directors' Report.

(c) Loan disclosures

The Group had nil related party loans as at 30 June 2007 (2006: $4,363).

(d) Key management personnel equity holdings

Fully paid ordinary shares of Equity Trustees Limited

	Balance at 1 Jul 06	Net change	Balance at 30 Jun 07	Balance held nominally
	No.	No.	No.	No.
2007				
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	-

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

	Balance at 1 Jul 05	Net change	Balance at 30 Jun 06	Balance held nominally
	No.	No.	No.	No.
2006				
H H Kalman	878	5,509	6,387	-
R P Dillon	2,031	1,089	3,120	-
T Ryan	417	523	940	-
S R Manuell	415	522	937	-
P B Maddox	415	522	937	-

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

	Balance at 1 Jul 06	Granted as remuneration	Balance at 30 Jun 07
	No.	No.	No.
2007			
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	-	-	-

	Balance at 1 Jul 05	Granted as remuneration	Balance at 30 Jun 06
	No.	No.	No.
2006			
Director			
P J Williams	-	15,190	15,190
Executives			
T Ryan	-	7,051	7,051
H H Kalman	-	7,051	7,051
S R Manuell	-	6,751	6,751
P B Maddox	-	6,319	6,319
R P Dillon	-	-	-

As at 30 June 2007 none of the shares had vested and none had been issued (2006: 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.

37 Related party disclosures (cont'd)

(e) Vested shares awards
No share awards vested to employees (2006: nil).

	Consolidated	
	2007	2006
(f) 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:		
Consulting fees paid to a personally-related entity of a director of a controlled entity	26,532	10,000
Total recognised as expenses	26,532	10,000

Apart from the above there were no other transactions during the year ended 30 June 2007 with specified directors and specified executives, or their personally-related entities.

(g) 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 15.
The Company and its controlled entities have entered into a tax sharing arrangement, refer note 8.
All other transactions between the company and its controlled entities took place on normal commercial terms and conditions.
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.

Apart from the above disclosures, all related party transactions took place on normal commercial terms and conditions.

(h) 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.

(i) Investments in Managed Investment Schemes
Included in the investment portfolio of the Company are interest bearing investments in managed investment schemes where the Company acts as responsible entity. These investments are made on normal commercial terms and conditions.

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38 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	
	2007	2006	2007	2006
	$	$	$	$
Cash and cash equivalents	1,051,510	1,020,622	483,942	452,991
Other Current Financial Assets - Short term deposits	11,262,686	6,451,600	11,262,686	6,451,600
	12,314,196	7,472,222	11,746,628	6,904,591

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

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Profit for the period	8,143,504	5,155,546	6,885,251	3,897,447
(Profit) / loss on sale of investments	(694,394)	(586,494)	(694,394)	(586,494)
Depreciation and amortisation of non-current assets	830,702	308,049	714,455	265,158
(Profit) / loss on sale of plant and equipment	6,450	2,365	6,450	2,365
Equity-settled share-based payments	500,000	271,329	500,000	271,329
Interest income received and receivable	(798,777)	(876,640)	(764,863)	(848,282)
Dividends received and receivable	(337,228)	(353,005)	(337,228)	(353,005)
Increase (decrease) in current tax liability	316,779	(105,422)	316,779	(105,422)
Increase (decrease) in deferred tax liability	362,109	(248,001)	362,109	(248,001)
(Increase) decrease in deferred tax asset	2,973	263,286	2,973	260,304
(Increase) / decrease in assets:				
Current receivables	(1,874,380)	(691,471)	(1,580,254)	(623,672)
Other current assets	(4,916,653)	389,869	465,037	389,869
Non-current receivables	(109,163)	(500,772)	(633,174)	(500,772)
Other non-current assets	1,390	(719,279)	-	(713,941)
Increase / (decrease) in liabilities:				
Current payables	2,969,866	569,237	113,600	499,186
Current provisions	(4,676)	(18,359)	(18,322)	(18,359)
Other current liabilities	19,745	313,445	19,745	200,445
Non-current payables	286,113	-	-	-
Non-current provisions	(176,739)	456,195	(176,739)	461,542
Other non-current liabilities	2,433,019	646,126	(362,109)	248,001
Net cash flows from operating activities	6,960,640	4,276,004	4,819,316	2,497,698

(c) Non-cash financing activities

There have been nil non-cash financing activities (2006: nil).

(d) Business acquired

During the financial year, the Group acquired the Freedom of Choice Superannuation Master Fund and Investor Directed Portfolio Service (IDPS). The net cash outflow on this acquisition during this financial year was nil. Refer note 36 for further details regarding this acquisition including details of the cash payments to be made in three tranches.

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39 Financial instruments

(a) Financial risk management objectives

The Group's main financial risk exposures relate to market and interest rate risk as these could impact the Group's investment assets and revenue streams. The Group does not have any borrowings. The Group has a number of committees that manage its financial risks. These include investment and due diligence committees.
The Group does not enter into or trade financial instruments for speculative purposes, and the Group does not have any derivative instruments. The Group does not use hedging to manage its financial risks. Compliance with policies and exposure limits is reviewed by the Audit and Compliance Committee.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

(c) Interest rate risk

The following table details the Group's exposure to interest rate risk as at the reporting date.

Consolidated	Average Interest Rate %	Variable Interest Rate $	Fixed Maturity Dates Less than 1 Year $	1 to 5 Years $	More Than 5 Years $	Non Interest Bearing $	Total $
2007							
Financial Assets							
Cash, short term deposits	6.20	12,314,196					12,314,196
Receivables - trade						2,951,955	2,951,955
Receivables - other						27,445	27,445
Managed funds*	6.45	4,696,676					4,696,676
Share investments*						9,586,898	9,586,898
Total		17,010,872				12,566,298	29,577,170
Financial Liabilities							
Trade payables						693,247	693,247
Other payables						5,175,000	5,175,000
Total						5,868,247	5,868,247
2006							
Financial Assets							
Cash, short term deposits	5.31	7,472,222					7,472,222
Receivables - trade						2,755,028	2,755,028
Managed funds*	4.44	4,344,337					4,344,337
Share investments*						7,999,756	7,999,756
Loans / mortgages	4.50				4,363		4,363
Total		11,816,559			4,363	10,754,784	22,575,706
Financial Liabilities							
Trade payables						587,658	587,658
Total						587,658	587,658

* includes reserve fund

The following table details the Company's exposure to interest rate risk as at the reporting date.

Company	Average Interest Rate %	Variable Interest Rate $	Fixed Maturity Dates Less than 1 Year $	1 to 5 Years $	More Than 5 Years $	Non Interest Bearing $	Total $
2007							
Financial Assets							
Cash, short term deposits	6.43	11,746,628					11,746,628
Receivables - trade						2,686,380	2,686,380
Receivables - other						27,445	27,445
Managed funds*	6.45	4,696,676					4,696,676
Share investments*						9,586,898	9,586,898
Total		16,443,304				12,300,723	28,744,027
Financial Liabilities							
Trade payables						138,689	138,689
Total						138,689	138,689
2006							
Financial Assets							
Cash, short term deposits	5.51	6,904,591					6,904,591
Receivables - trade						2,562,506	2,562,506
Managed funds*	4.44	4,344,337					4,344,337
Share investments*						7,999,756	7,999,756
Loans / mortgages	4.50				4,363		4,363
Total		11,248,928			4,363	10,562,262	21,815,553
Financial Liabilities							
Trade payables						436,650	436,650
Total						436,650	436,650

* includes reserve fund

39 Financial instruments (cont'd)

(d) 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 has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade accounts receivable consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

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 37 (i), included in the investment portfolio of the Company are interest bearing 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 the monitoring by the investment committee 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 Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Except as detailed in the following table, 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:

	Maximum credit risk			
	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Financial assets and other credit exposures				
Performance bond for AFSL licence - controlled entity	20,000	20,000	20,000	20,000
Performance bond for lease - controlled entity	151,376	151,376	151,376	151,376
Bank guarantee - non broker participation with ASX	500,000	500,000	500,000	500,000
	671,376	671,376	671,376	671,376

(e) 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 (2006: cost).

The fair values and net 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 (managed investment funds 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; and

The Group's investment portfolio assets are accounted for as available-for-sale financial assets (refer note 3 (f)). In relation to these financial assets, transaction costs are included in the determination of net fair value.

(f) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, and also monitors the cashflow position.

40 Subsequent events

There have been no material subsequent events (2006: nil).

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

Report on the Financial Report and AASB 124 Compensation Disclosures in the Directors' Report

We have audited the accompanying financial report of Equity Trustees Limited, which comprises the balance sheet as at 30 June 2007, 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 13 to 41.

We have also audited the compensation disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the compensation of key management personnel ("compensation disclosures") as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures* ("AASB 124"), under the heading "remuneration report" on pages 4 to 8 of the directors' report, and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Compensation Disclosures Contained in the Directors' 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. The directors are also responsible for the compensation disclosures contained in the directors' report. In Note 3, 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 consolidated financial statements and notes comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report and compensation disclosures contained in the directors' 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 and the compensation disclosures comply with AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the compensation disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the compensation disclosures contained in the directors' 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 and the compensation disclosures contained in the directors' 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 and the compensation disclosures contained in the directors' report.

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

Auditor's Independence Declaration

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

Auditor's Opinion on the Financial Report

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 2007 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 consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 3.

Auditor's Opinion on the AASB 124 Compensation Disclosures Contained in the Directors' Report

In our opinion, the compensation disclosures that are contained on pages 4 to 8 under the heading "remuneration report" of the directors' report, comply with paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures*.

DELOITTE TOUCHE TOHMATSU

Peter A Caldwell
Partner
Chartered Accountants
Melbourne, 27 August 2007