TRUST COMPANY LIMITED
ACN 004 027 749

ASX Appendix 4E

Results for announcement to the market

(i) Changes from the year ended 28 February 2009 to the year ended 28 February 2010.

	28-Feb-10 $'000	Movement	
Total revenue from continuing operations	57,131	down	-4%
Profit attributable to members of the parent entity	10,911	down	-47%

(ii) Net tangible asset per security

	28-Feb-10 $'000	28-Feb-09 $'000
Net tangible asset per security	2.27	2.31

(iii) Dividend information

	Cents per share
Final dividend 2009 (paid on 20 May 2009 - fully franked)	22.0
Interim dividend 2010 (paid on 12 November 2009 - fully franked)	17.2
Final dividend 2010 (payable on 25 May 2010 - fully franked)	16.5

Refer Note 4 to the financial report for further details of dividends paid and payable.

(iv) Details of entities over which control has been gained or lost

Refer to Note 28 to the financial report for details of entities over which control has been gained or lost.

(v) Details of associates and joint venture entities

There was no investment in associates or joint ventures during the financial year.

(vi) Compliance statement

This report is based on the consolidated financial report which has been subject to audit.

QUESTIONS ANSWERED

ANNUAL REPORT 2010

trust

SINCE 1885

CONTENTS

The 125th Annual General Meeting of Trust Company Limited
ACN 004 027 749

Location: The Harbour Bridge Room
Quay Grand Suites
61 Macquarie Street
East Circular Quay
Sydney NSW 2000

Time: 11.00am to 12.00pm (registration from 10.30am)
Date: Tuesday 22 June 2010

A separate notice of meeting, including a proxy form, is enclosed with this Annual Report.

Key dates

24 May 2010	Annual Report mailed to shareholders
25 May 2010	2010 final dividend paid to shareholders
22 June 2010	Annual General Meeting of shareholders
31 August 2010	Half year end
October 2010	Half year results announced
November 2010	Interim dividend to be paid to shareholders
28 February 2011	End of Trust financial year

Unless otherwise specified in this document, references to 'Trust' or the 'Company' refer to Trust Company Limited, and references to the 'Group' or 'Trust Group' refer to Trust Company Limited and its controlled entities.

VISION, VALUES AND DIRECTION

ON WHICH WE STAND

Ours is a trustee business – built on a solid foundation of independence, honesty and integrity. This is the stable base on which we continue to build – with the courage to question, to stand up for what we believe to be right and to act without fear or favour.

Ours is a business committed to excellence – with a focus on innovation, quality and continuous improvement. We work responsibly within a framework of accountability.

Ours is a passionate business – focused on becoming the best we can be. We are prudent in our judgement, disciplined in our execution and seek to learn from all that we do.

Ours is a professional business – in which trust is earned rather than merely claimed. Every person is treated with respect, compassion and care for their long-term interests.

We are motivated by a generosity of spirit.

We treat people as we wish to be treated.

Our commitment to our beneficiaries and clients is paramount.

Our business conduct will withstand the closest scrutiny.

Ours is a fair business – in our commercial relationships, our engagement with the wider community and our dealings with each other. The proper discharge of our obligations and a deep regard for the character and quality of relationships complements our pragmatic, commercial acumen and focus.

Ours is The Trust Company.

OUR VISION AND DIRECTION ARE SET

We have a clear vision and direction for our business

Our Vision	To be Australia's pre-eminent trustee
Our Purpose	To care for the wealth and wellbeing of our clients
Our Goals	Trustee of choice Enduring client relationships High performance team culture Consistent growth in shareholder distributions Admired and valued in the community

RESULTS, POSITIONING AND PLANS

A SOLID FY10 RESULT UNDER TOUGH CONDITIONS

$39.5M IN CASH HOLDINGS
ZERO DEBT

OPERATING REVENUE DOWN 1%
$3.4B FUM, UP 17%

- FY10 result in line with market guidance
- Balance sheet very strong with zero interest bearing debt and $39.5m cash
- Operating revenue down only 1% to $54.7m despite challenging conditions
- Non-recurring costs and provisions impact operating EBITDA, down 16% to $15.7m
- Operating NPAT, down 25% to $11.7m, reflects investment in business transformation and legacy issues

FY10 WORK PLAN DELIVERED

VISION AND DIRECTION
STRATEGIC REVIEW

ETHICAL FRAMEWORK
BRAND MODEL

- Strategic plan outlined to change business towards 'pre-eminent trustee'
- Strong investment leads from Singapore office
- Increased engagement with our clients, staff, community and shareholders
- New performance framework built off vision and ethical framework
- Streamlined processes and organisational structure

FY11 WORK PLAN POSITIONS COMPANY FOR GROWTH

- Dividend policy for FY11 will target 100% payout of reported NPAT

BUILDING SOLID FOUNDATIONS FOR GROWTH

CHAIRMAN'S COMMENTARY

A new vision
A significant change program is currently underway at 'The Trust Company'.

As foreshadowed in the last Annual Report, our CEO John Atkin and his management team have been diligently working through a detailed strategic review to strengthen and reposition the business. Pleasingly, their work has been conducted against a more positive market background. The Australian economy is recovering from the Global Financial Crisis (GFC) and a series of governmental reviews promise a stronger regulatory environment for the wider financial services sector. These reviews have highlighted the important role to be played by independent trustee companies to help avoid the conflicts and system failures that precipitated the crisis in the first place.

The Board is confident that the Company's vision – 'to be Australia's pre-eminent trustee' – is both timely and compelling. It builds from our 125 years of trustee heritage at a time when there is greater demand for long-term thinking, a steady hand and the judicious oversight of a fiduciary which acts independently and in the best interests of its clients. Building stronger client relationships by better attuning to their needs is the primary objective of the change program ahead.

The Board is delighted with the dedication and performance demonstrated by John and his team, and it is their leadership that will bring this vision to life. They are experienced, united and focused. Shareholders can be encouraged by the momentum and commitment felt within the business.

A strengthened culture and brand
In his report, John presents an outline of his five year plan to implement the changes required to achieve the Company's vision. As a testament to the depth and integrity of the strategic review, this plan will be underpinned by both a new ethical framework and a new brand model.

The ethical framework, 'On Which We Stand', encapsulates the values and guiding principles of our business. It is the result of close collaboration across all levels of the Company in a detailed exercise guided by The St. James' Ethics Centre. It represents the creed for staff to adopt in their daily work, and it is entirely appropriate that such a document is in place to ensure that we conduct ourselves both internally and externally with the highest ethical standards. This is what being a pre-eminent trustee is all about.

Building from the values and principles espoused by the ethical framework, a new brand strategy has been developed. As well as being an important symbol of the change underway, a new visual identity is a catalyst for the cultural change required to achieve our full potential. With shareholder approval of a new name – 'The Trust Company' – at the Extraordinary General Meeting (EGM) in December 2009, this new brand identity displaying our new name is to be launched at the Annual General Meeting (AGM) on 22 June.

The goal setting and work plan outcomes delivered in FY10 mark the beginning of a longer journey towards pre-eminence. To achieve greater alignment between our shareholders and staff during this period of change, we introduced new Short Term Incentive (STI) and Long Term Incentive (LTI) schemes which means staff will take greater proportions of Trust shares and less cash in their incentive remuneration arrangements over a phased period.

Board developments
We are delighted to welcome Josephine Sukkar to the Board of Directors. As the co-owner and Principal of a prominent construction business, Josephine brings a wealth of commercial experience to the Board, as well as a history of community involvement and a passion for philanthropy. Her appointment draws attention to the important role of women at Trust, where over 35% of senior management positions and 50% of executive positions are occupied by women. Josephine is an active member of Women on Boards, and has a genuine interest in mentoring both young businesswomen and businessmen. Given her extensive business network in New South Wales, she will also provide valuable support in Trust's marketing and business development endeavours.

The governance of the Trust Group has been tightened. The committee structure has been streamlined and focused. We have introduced an Investment Committee to oversee all matters relating to funds management and investment on behalf of both the Company and its clients.

The Board is confident that the Company's vision – 'to be Australia's pre-eminent trustee' – is both timely and compelling.

We have also established a Board committee chaired by Josephine to oversee and better coordinate the many activities and opportunities across the business in philanthropy and community.

FY10 financial highlights
Earnings for the year were impacted by the effects of the GFC and lower investment markets on our various revenue streams. In addition, the initial costs of the change program underway have been expensed as significant items. While our strong balance sheet and operating cash flow provide headroom to fund this change program, management is mindful of phasing these expenses carefully over time to ensure that we can meet our strategic objective of consistent growth in fully franked shareholder distributions.

During the year, we de-risked the balance sheet further by liquidating our investment portfolio and our shareholding in Tasmanian Perpetual Trustees (TPX). In light of its merger with MyState Credit Union, we no longer saw strategic merit in our investment in TPX.

After a period of several years paring back the business to its core and returning surplus capital to shareholders in the form of special dividends, this financial year marks the beginning of the rebuilding cycle. Our business continues to generate strong operating cash flow and is relatively light on its working capital requirements. Now that we have determined our strategic positioning as a specialist, independent trustee, our concentration will be on increasing revenue from existing business lines and on creating revenue streams from new service lines.

Indications that the market and its regulators are re-evaluating the importance of independence and the role of the trustee bode well for our future business. The various regulatory reviews underway are considering heightened prudential capital requirements for trustees and responsible entities. At the time of writing, we have yet to receive the regulators' determination on these new levels, which will be a key input for a review of ongoing capital requirements for our business transformation.

For FY11, Trust will maintain the suspension of its dividend reinvestment plan and continue to target a dividend payout of 100% of reported NPAT (fully franked) pending the outcome of a review of dividend policy once regulatory capital requirements are clarified. We are extremely mindful of shareholder expectations of consistent growth in distributions.

Community and philanthropy
Trust continues to be proud of its role in the many community and philanthropic initiatives it supports. During the course of 2009, John Atkin chaired a task force that provided the framework for a National Compact between the Australian Government and the Third (not-for-profit) Sector to foster a stronger relationship and deliver a better outcome for Australian communities. This National Compact was launched in Canberra on 17 March 2010 by the Prime Minister. Our involvement in the National Compact and ongoing objectives to further assist the representative bodies for the Third Sector demonstrate the momentum we are building behind our strategic goal 'to be admired and valued in the community' and to demonstrate our desire to achieve an appropriate balance in caring for the wealth and wellbeing of our clients, our community, our shareholders and our staff.

Outlook
The Board is optimistic about the Company's future over the medium and long term. Several 'hidden gems' alluded to by John shortly after his appointment last year have been found within the depths of our client base and our robust annuity-style revenues provide a capital-light business platform that will respond positively to innovative and disciplined leadership. The favourable external drivers of the business were also taken into full consideration when setting out on a new vision and direction.

Over the next five years, the Board will oversee the program to refine, transform and grow the business. In the short term, John and his team will be managing for performance while positioning the Company for long-term growth which we are confident will generate wealth for shareholders. The earnings guidance for the financial year ending 28 February 2011 (FY11), as set out in the CEO Report, is a testament to the discipline that John and his team are applying to our change program.

Finally, on behalf of the full Board, I would like to thank the shareholders for their ongoing support to 'The Trust Company', and to all our staff for their dedication and effort behind these first and decisive steps towards becoming Australia's pre-eminent trustee.

Bruce Corlett
Chairman

LEADING CHANGE THROUGH INSPIRING TRUST

CHIEF EXECUTIVE OFFICER'S REPORT

A year of change
We delivered a solid financial performance in FY10 that came within our market guidance. I am pleased with this result given the turmoil in investment markets at the start of this reporting period. We also implemented an aggressive work plan and carried out a comprehensive strategic review of the business. At the end of my first full financial year as Chief Executive Officer, I am even more encouraged by the opportunity to lift the business to the next level of performance. With a clear vision and direction now established, our people have set about implementing our strategic plan with a renewed sense of purpose and focus.

FY10 results within guidance
Like many of our peers in the diversified financials sector, Trust has some revenue exposure to asset price volatility across various business lines. We experienced a corresponding decline in revenues as the average level of the ASX200 index dropped 8% lower in FY10 compared with the prior corresponding period (pcp). However, unlike many of our competitors who are more reliant on funds management fees for their income, Trust retains a mix of more annuity-style and fixed revenue streams and this provided some insulation from this market volatility.

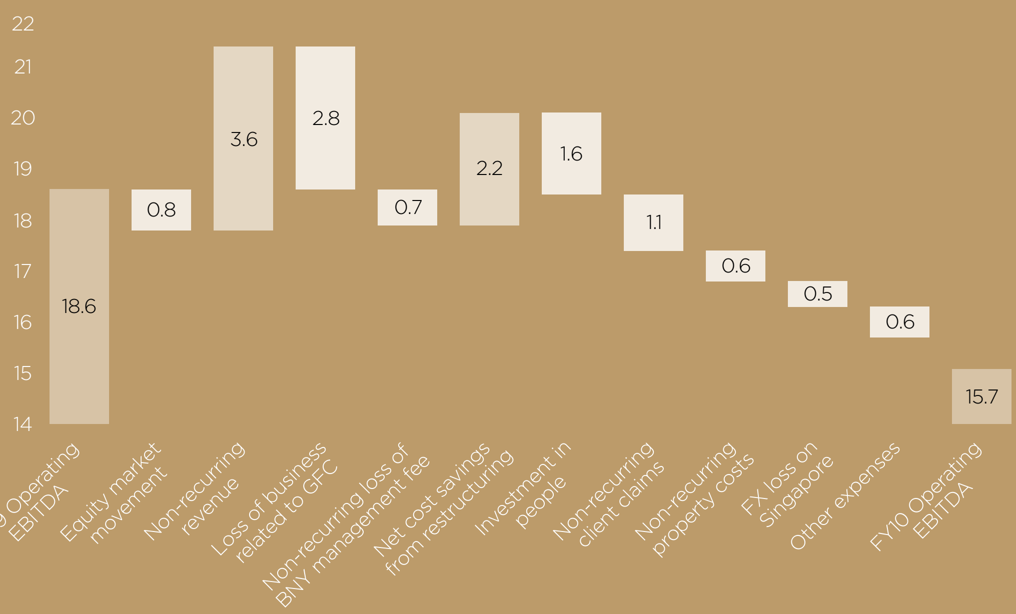
Operating Earnings Before Interest, Tax, Depreciation and Amortisation for the year (EBITDA) was $15.7m, down 16% on FY09, but at the upper end of guidance.

Revenues for FY10 were down $0.7m to $ 54.7m, a marginal 1% decline on FY09. This reflects our hard work within the business to maintain a focus on growth in the face of the challenging market environment. The negative impact on revenues from lower asset prices was in part offset by encouraging performances in Responsible Entity (RE) and the annuity-style Estates and Trusts.

RE posted a 48% increase in revenue during the year due largely to our role in supporting the structures of schemes under distress or in administration. This result reflects the increased market recognition in the importance of independence and controls within the responsible entity structure that brings together both trustee and manager responsibilities. Improved inventory management helped Estates & Trusts post a 27% increase in revenue during the year. While some of this is one-off revenue relating to several large client estates, it is a good example of the unharnessed earnings potential within our existing client base. It also highlights just how important it is for us to properly review and understand our business and to refine and transform the way we operate.

The number of Managed Investment Trust (MIT) engagements servicing overseas clients secured in the latter half of the year is largely attributable to the business

FY09 to FY10 Operating EBITDA Bridge ($m)



development activities of our Singapore team and our unique footprint as the only registered trustee in both Singapore and Australia. We continue to investigate opportunities to further expand and strengthen our service offering in Asia as activity picks up in the region's capital markets.

Difficult conditions within capital markets pushed a few clients into insolvency during the year, which impacted revenue. We also saw little new activity in the corporate bond market, where our Structured Finance service saw reduced earnings as one of our major clients changed its funding mix and limited new issues of retail debt. However, we are closely monitoring Government initiatives to revive the listed retail debt market in Australia.

Total staff expenses, including provisions for the Short Term Incentive (STI) and Long Term Incentive (LTI) schemes, decreased by $0.6m during the year. The headcount saving made through restructuring at the start of the year was partly offset by new hires in the second half as we geared up for growth, up-skilled our team and increased provisioning for our incentive schemes.

We also increased the provision for our Sydney premises with our lease, scheduled to expire in May 2011, and incurred other one-off increases in property outgoings. While we have monitored our debtors closely throughout the period, we have incurred an increase of $0.2m in doubtful debts. There is also $1.1m for non-recurring client claims unrelated to the Townsville fraud. The strengthening of the Australian dollar against the Singapore dollar during the year led to a foreign exchange loss on our capital in Singapore.

Personal Services delivered an operating EBITDA figure down 9% on FY09 whilst Corporate Services posted a 24% fall, reflecting reduced revenues from the tighter market conditions, a relatively fixed cost base and pricing pressure for some business lines.

Net Profit After Tax (NPAT) for FY10 was $10.9m, down 47% on last year. Most of this decline can be explained by the impact of the sale of the Bank of New York Trust (Australia) joint venture, which contributed a one-off $13.9m after tax in the FY09 result. Offsetting this, we took a strategic decision in FY10 to de-risk the business by selling down our investment portfolio and our shareholding in Tasmanian Perpetual Trustees. This resulted in a $2.8m net profit on the sale of investments. We have, however, retained a $20.2m stake in Equity Trustees and maintain our view regarding the strategic value of this holding.

Some of this fall in NPAT also reflects costs related to the strategic review and the subsequent transformation program.

Our balance sheet remains as strong as ever, with net tangible assets of $73.5m, which includes $39.5m in cash. We also have zero net interest bearing debt.

The final dividend of 16.5 cents per share brings the total dividend declared for FY10 to 33.7 cents per share, fully franked. This reflects a payout ratio of 100%, in line with our current dividend policy to return 100% of NPAT to shareholders.

With a clear vision and direction now established, our people have set about implementing our strategic plan with a renewed sense of purpose and focus.

Change program underway
My arrival at Trust just over 15 months ago marked the end of 30 years of Sweeney family stewardship. That management change, coinciding with the Global Financial Crisis (GFC), meant it was an opportune time to carry out a strategic review of the business.

In carrying out the review, we set out to determine a vision that aligned the aspirations of all our stakeholders. The review has been as broad as it has been deep. It considered both internal and external business drivers and maintained the importance of culture and our people as the key enablers of sustained performance. We believe the need for a strong, independent trustee is greater than ever, and by focusing on what we do best, we will best serve the interests of these stakeholders. That is why our vision is to be Australia's pre-eminent trustee. Clients are at the centre of everything we do, which is reflected in our purpose – 'to care for the wealth and wellbeing of our clients'.

Our corporate objective is to create long term wealth for our shareholders through caring for the wealth and wellbeing of our clients.

A new vision, direction and set of strategic goals represents a major change for any business. The development of a new ethical framework serves as a guide to how we, as staff of Trust, act at all times. One of my key accountabilities is ensuring that we individually and collectively live up to its exacting standards. A subtle but important part of repositioning the Company was to adopt 'The' in front of our existing name. 'The Trust Company Limited' is consistent with our aspiration to be the pre-eminent trustee serving the Australian market.

An analysis of external drivers on both sides of our business confirms there is significant growth in the trustee market on top of the unrealised internal potential in our business.

Harnessing the expertise in our staff around a new strategic direction will drive performance over and above our existing annuity-style revenue streams.

The first place we will be looking for opportunities is in our deep client base, moving from being transaction focused to being service focused and relationship based. When we better understand our clients' needs through a strong relationship, we will be more successful at adapting our services to better serve them in the future. We will take our staff from being competent and compliant to being professional leaders in their area of expertise. We will remodel our organisational structure and empower our staff with the skills and tools typical of any top professional services firm. The new brand model and supporting visual identity will be the catalyst to focus our market positioning and services on the niche requirements at the top end of the market. And we will continue to upgrade our systems and processes to enable these important changes.

If we compare where we are currently in terms of these major change objectives against where we want to be, we get a sense of the enormity of the task ahead of us. Such a change program will take several years. Being mindful also of the business's capacity for change, we will pace major investment in a way that does not compromise achievement of our goal to deliver consistent growth in shareholder returns.

We have a clear vision for our business

Our Vision	To be Australia's pre-eminent trustee
Our Purpose	To care for the wealth and wellbeing of our clients
Our Goals	Trustee of choice Enduring client relationships High performance team culture Consistent growth in shareholder distributions Admired and valued in the community

Key change objectives

		From	To
External focus	1. Our clients (and services, community)	Transaction focused	Client service focused and relationship based
External focus	2. Our people	Competent and compliant	Professional leaders
External focus	3. Market positioning	Fuzzy	Niche and focused
Internal enablers	4. Systems and processes	Inflexible and inefficient	Integrated, efficient and client friendly

The establishment of a contemporary performance framework for all our staff is one of the major achievements for FY10. We have refined this to be consistent with the new vision, brand and strategy, and to encompass the new behaviours that will drive success for our business. We have also revisited the accountabilities from the CEO down to all staff in the business. With this alignment between individual accountabilities and corporate goals, underpinned by the ethical framework and brand values, there is clear guidance for all staff on what is expected of them. The reward structure has also been deliberately redesigned for our more senior staff to promote longer term thinking and a focus on profitable outcomes aligned with shareholder interests.

Getting the right team members and the right organisational structure to deliver the change has also been a major focus for the year. By asking Vicki Allen to take responsibility for both the Personal and Corporate sides of our operating business as Chief Operating Officer, we immediately improved the co-ordination and visibility across all our client facing service lines and our ability to manage change within the business.

We also welcomed Sally Ascroft to the Executive Team as our new Group General Counsel and Company Secretary. By consolidating internal legal and compliance services under Sally's leadership, we will co-ordinate our compliance activities alongside the legal teams, improve the quality of legal support and deliver cost savings on procurement of external legal services. We will also benefit greatly from Sally's extensive professional legal experience in the special area of Asset Finance as we investigate new asset classes to service.

Andrew Cannane was appointed as General Manager – Business Development on his return to Sydney in late 2009 after a successful three years as the Managing Director of our international business based in Singapore. Andrew served with distinction in setting up our operations and establishing a strong network for the business. It is a testament to the strength of these relationships that the Singapore office has recently originated several MIT opportunities for our Australian office and capitalises on our unique footprint as the only registered trustee in both Australia and Singapore.

With Andrew's return to Sydney, Sin Li Choo has taken over the Managing Director role in Singapore. Li Choo and her team have taken a fresh look at expanding our presence and reputation and have already had some notable wins. These encouraging developments have reinforced our belief in the strategic value of our Singapore office as we look to harness growing demand for trustee services within Asia.

Another area for refining the business in FY10 was the resolution of legacy issues from the merger of Permanent and Trust in 2002. We are systematically addressing each outstanding issue and ensuring that every client has received the correct returns, documentation and service. This has allowed the Executive Team to focus on the important issues for the future.

So, as we look ahead:

- Our clients can expect improved engagement from us as we seek to better understand what they require and make refinements to our service levels and offering to meet their needs.
- Our staff can expect clear accountabilities. They will be supported to deliver their best efforts and will be rewarded for their contribution to success. Individually, they will be supported in their professional development and encouraged to maintain a healthy work-life balance.
- Our shareholders will be rewarded by a consistent increase in returns as we refine, transform and grow the business.
- And finally, our community will benefit from our renewed commitment and engagement.

Celebrating 125 years
As we celebrated 125 years as a trustee in April 2010, we reflected on the many achievements of our predecessors and renewed our commitment to all our business stakeholders for the future: clients, staff, shareholders and the community. The wonderful 2010 calendar produced to commemorate this anniversary highlights some of the key personalities and places from our past.

A quote from the 'Jubilee Souvenir' pamphlet produced for our 50th anniversary reminds us of the enduring role of trustee companies:

> 'The knowledge that capable, reliable and permanent organisations are available in Australia for the performance of executor and trustee duties is of abiding comfort to all who desire that no risks shall be incurred in the carrying out of their sacred desires, and that no doubt shall exist as to the sure performance of the trusts delegated to them. The continuous and uninterrupted growth of the business undertaken by these Companies is an outstanding feature in the administration of trusts and estates throughout the Commonwealth, and presents an arresting recognition of the invaluable service they are performing in the community.'
>
> *Sir James A.M. Elder, K.B.E, Melbourne 1935*
> *Chairman, The Union Trustee Company of Australia Limited*

Outlook
Trust's earnings guidance for financial year 2011 (FY11) is based on continuing improvement in investment market levels when compared to FY10. In particular:

- Operating EBITDA (excluding investment income) is expected to be in the range of $15.7m to $18.7m (pcp: $15.7m).
- Interest and dividend income from Trust's investment portfolio is expected to be in the range of $2.8m to $3.4m (after tax) (pcp: $2.2m).
- The anticipated net significant expense after tax is expected to be in the range of $1.1m to $1.5m (pcp: $0.8m) and primarily relates to the expected cost of the strategic plan initiatives.

Based on the above, reported NPAT is expected to be in the range of $11.5m to $13.7m (pcp: $10.9m).

This financial outlook assumes a continuing improvement in investment market levels. We have assumed an opening ASX200 index of 4700 and total investment market returns of 8.5% during the year. At a group level, the sensitivity of revenue to market movement will vary with the ASX200 index. At current market levels, a 1% movement in the ASX200 index will impact our revenue by about $100,000.

Trust has a deep embedded client base, annuity-style revenues and skilled and experienced staff. The external drivers of growth for our businesses are strong, both within Australia with our ageing population, and in the region, where we are the only company licensed to provide trustee services in both Australia and Singapore. In the initial years of our plan, we will focus on managing for performance as we strengthen our client relationships and instill a high performance culture among our staff. At the same time we will be positioning the Company for the longer-term growth we expect in its key markets.

I am privileged to be at the helm of this business as we mark the 125th anniversary of the Company's foundation. I acknowledge the trust vested in me by the Board, the Executive Team and all the staff to steer the business through this period of change, and I thank them all for their support and commitment.

I look forward to updating you all on our progress and unveiling our new visual identity at the AGM on 22 June.

John Atkin
Chief Executive Officer

MANAGING FOR PERFORMANCE

BUSINESS REVIEW

How are we preparing our business to deliver a pre-eminent service?
We determined that a positioning around 'pre-eminence' for a trustee requires a high degree of affinity with our clients combined with the best-in-class expertise of our staff and service. We are confident that we are already doing a good job on the affinity aspect – we genuinely care about our clients and in some cases have looked after the same family for many generations. The big challenge for us now is stepping into the realm of 'mastery' and building a new business model of a professional services organisation.

The task of ensuring the business is focused and co-ordinated through the change program started with combining both operating sides of the business under a single Chief Operating Officer. The combined role ensures that the pace of change is better managed and the appropriate balance is found between refinement, transformation and growth. Also, bringing the operating units together has thrown up many opportunities to streamline the business across all states and generated business across the two divisions.

We obtained clarity of our existing business model, with an audit of each and every business area completed as part of the strategic review. This audit involved a lot of people responsible for managing the business and ensured their understanding and engagement.

How did the business respond to the Global Financial Crisis (GFC)?
The lower investment markets certainly impacted revenues sensitive to asset volatility and dampened demand in a couple of business lines like structured finance. However, the interest in and appetite for fiduciary independence and 'sleep at night' services and financial products grew.

Against this background, Trust continued with our policy of engaging with our clients and intermediaries through our Business Partner Feedback Program run by an independent consultant. It was very pleasing to note that across our Property & Infrastructure Custody (PIC), Responsible Entity (RE) and Super Trustee (Super) business lines there was a marked increase in client satisfaction during 2009.

Client satisfaction survey results

Source: 2009 Business Partner Feedback Program

Independently run survey based on CEO level, senior management and administrator responses from our major corporate clients.

We are determined to be a market leader.

Our RE services participated in providing a greater degree of independence and discipline into a number of distressed schemes. A paper published by our RE team earlier in the year illustrated the importance of having a responsible entity that is independent of the scheme manager and operators. The Board of Permanent Investment Management Limited (PIML) – the contracting entity for RE engagements – worked intensely during the year ensuring compliance with regulations and protecting the interests of unit holders.

Reflecting this hard work and discipline, the RE team enjoyed a marked increase of 17% in client survey ratings up to 63% in the 2009 Business Partner Feedback Survey.

We also capitalised on the public concerns precipitated by the GFC through appearances at the various regulatory reviews that followed, and by publishing thought leadership pieces focused on risk management and best-practice governance. Our team also made several substantial submissions to these reviews for consideration, and team members were asked to support these with personal appearances at the reviews. We look upon this as a demonstration of the strong reputation we hold among our peers. We made joint submissions to the Commonwealth regarding regulation guidelines for Private Ancillary Funds (PAFs), the Cooper Review and the Trustee Corporations Association (TCA). Our CEO, John Atkin, also represented the TCA at the Ripoll Inquiry on agricultural schemes.

Who is Australia's leading Property & Infrastructure Custody (PIC) provider?
Well, according to a detailed market study we commissioned from KPMG, we are. This first-of-its-kind study identifies us as holders of 54% of the outsourced custody market, making us the largest outsourcer for property and infrastructure custodial services in Australia. With respect to the sub-sectors of this large market, we have around 37% of listed A-REITs, and 38% of listed infrastructure funds. Our share of the total market is around 17% including those funds that insource their custody.

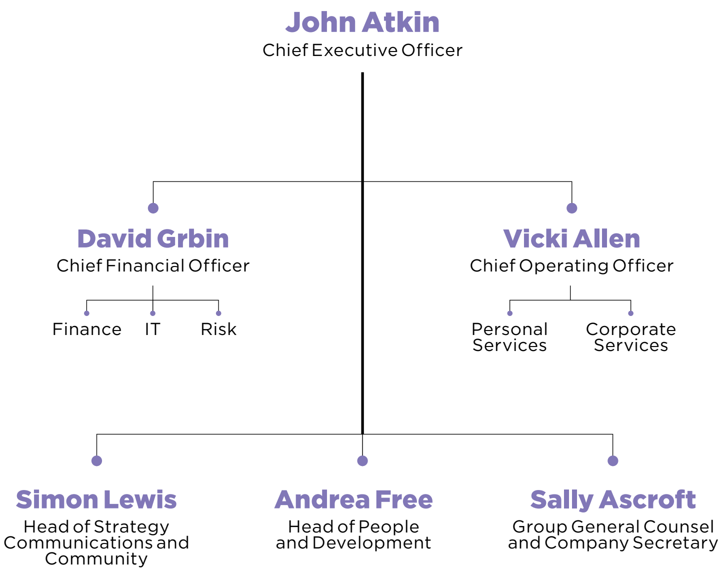
Last year, we continued to strengthen this position by winning a number of new mandates, led mainly by unlisted property syndicates. We also rolled out 'TRUaccess'– our proprietary online custody system – to all of our PIC clients. This allows clients to self-serve important information and reports via a secure web portal and greatly enhances the quality of services we provide to our clients. This innovation demonstrates our determination to develop a market-leading service in an asset class that depends on meticulous and secure record keeping.

This best-in-class system has also prompted us to investigate new asset classes and discover areas where we can expand our skills beyond property and infrastructure. Currently, our sights are firmly set on the aviation and shipping industries.

Client feedback for the PIC team in our annual Business Partner Feedback survey was impressive, with the team achieving a 12% increase in overall rating to 68% across a range of client service criteria.

Our Executive Team

L-R: Simon Lewis, Vicki Allen, Andrea Free, John Atkin, Sally Ascroft and David Grbin.



How did we lead investment into Australian Managed Investment Trusts (MITs) from Asia?

In short, the answer is geography. Or more accurately, geography combined with local knowledge, effective team work between our Australian and Singapore offices, and being tuned in to market needs in anticipation of regulatory change.

Being the only registered trustee with a presence in both Australia and Singapore, we were perfectly positioned to take advantage of the recent changes to withholding tax for foreign investors using MITs.

We teamed up with a top law firm for an educational seminar with market stakeholders and fund managers in Singapore looking at investing in Australian assets. We have been delighted with the response to this initiative, and have converted several offshore investors in the short time since the August 2009 conference. We're continuing to use our knowledge of both geographies to enhance our profile in the industry, and we produced a paper that showcases the opportunities for overseas investors. MITs have also given new impetus to our Singapore office as a sponsor of inbound business for Australia.

How are we encouraging more clients in the top end of the market to use our services?
To become the trustee of choice, we want to refocus our services around high-net-worth individuals and respected and well-run companies. We also want to ensure that we provide the training and tools for our staff to be their best.

On the personal side, there are significant intergenerational wealth transfer opportunities as the baby-boomer generation retires. We were invited to provide estate planning reviews for a leading professional services firm to ensure that all partners were adequately prepared for the unexpected. This experience has led to other opportunities, including conversion to other Trust services. We will continue to refine our marketing strategy and service offering in this way as we take our expertise to the top end of the market. Several other personal client services such as power of attorney services and executor assistance are being marketed with the aim of catering for the growing demand for trustee services from an ageing population.

We've enhanced client engagement and business development through seminars and sponsorships, where our business development team and general managers have the opportunity to network and build relationships with the right intermediaries and decision makers.

How do we help our clients 'sleep at night'?
With over $1b in funds under management in a range of common funds and asset classes, Trust's Funds Management team has what we call a 'sleep at night' investment charter. The nature of our role is to provide solid, risk adjusted returns for our clients. Their investment style is particularly suited to philanthropic funds where the investment horizon is forever and there is a need for high income yields.

Their commitment resulted in our Imputation Fund outperforming the benchmark ASX200 accumulation index by 2.58% per annum over 10 years (= top quartile performance, according to Van Eyk performance survey for the period ended 28 February 2010).

This performance also included offering our investors competitive tax-effective income from the Imputation Fund, valuable for those seniors relying on the income to fund their lifestyle and for charities looking to distribute income for their activities.

What are we doing to ensure that we keep growing profitably?

We're looking after our existing clients first
We have stepped up our client engagement initiatives to strengthen relationships, encourage feedback about our current service delivery and better understand their future needs. With this feedback in mind, we then started our planning for a transition towards a fully integrated, best-practice 'Client First' model for the Company.

Client engagement initiatives are focused on delivering results. With the benefit of a client survey conducted in late FY09, the Private Clients team enhanced client engagement through communication (issues of 'Trust Updates', 'Trust Perspective'), seminars in New South Wales, Victoria and Queensland (also attended by wills and estate clients, with guest speakers and specialists), and the development of a client service matrix to improve the consistency of client contact.

We're looking at new asset classes
The role for a trustee is limitless. Any market where there is a need for custody, compliance, governance, investment and the unqualified trust of a professional service provider is a potential candidate for our services. We have been exploring some exciting new opportunities in the areas of aviation and shipping custody, and have gained some valuable experience working with individuals involved with the international aviation asset finance market.

We're going west
Following our application to the Attorney General of Western Australia (WA), we were granted approval on 1 March 2010 to provide a full range of personal trustee services in the state. Initially attracted by the opportunities to service the state with our Health and Personal Injury Services, we consider WA an important market for expanding our services.

We're centralising for efficiency and risk management
Our centralisation project has been an important move for us, as we continue to enhance the quality of service we provide to our clients. It has helped us work more efficiently, it has reduced risk and it's tightening the control we have over every aspect of our business. Nearly every area of our personal services department has benefited from this project. The Townsville fraud discovered in late 2008 highlighted the need to strengthen our systems and processes. All of this is important groundwork for the development of our 'Client First' initiative.

How do we make a difference in the community?
Trust has always been committed to supporting the community, especially regarding our responsibility as trustee in the philanthropy area. We now administer over 350 charitable trusts and manage charitable monies in excess of $500m. Our oldest charitable trust has been operating for over 100 years, and during the past year we have played an important part in improving the lives of many people within our community. Some examples of the areas that have benefited from our involvement this year are detailed below.

Music and art

We partnered with the Art Gallery Society of NSW for our second year to support a series of *Resonate* concerts, which are a unique blend of music and art. The funds distributed enable the vision of the society to preserve and enhance arts and culture featuring talented musicians.

As trustee since 1961 for the Portia Geach Memorial Award, which celebrates the work of female artists in Australia, we introduced the People's Choice Award in conjunction with the National Trust of Australia (NSW) SH Ervin Gallery. The initiative was introduced to promote and encourage Australian artists, with the winner decided by popular vote. Danielle Bergstron was the first winner selected by 'the people' for *Sun Music II*, a portrait of celebrated Australian composer Peter Sculthorpe. Christine Hiller won the main prize for her work *The Old Painter* – her third time as winner of this award.

The 2009 Miles Franklin Literary Award was won by Tim Winton for his novel *Breath*, an intense story about masculinity, risk and young people's desire to push the limits. Winning for the fourth time, as Winton did, is remarkable, given the strength of fellow authors who continue to cement the Miles Franklin as the most prestigious literary award in Australia. As trustee for the funds supporting this literary award, we are currently working on plans to better promote the award and its associated events to bolster the positioning of the Miles Franklin Literary Award as the premier literary prize in Australia.

Medical and research

Multiple Sclerosis affects 2.5 million people worldwide, with almost 20,000 people in Australia. With support from the Fred P Archer Charitable trust, researchers have discovered two new locations of genes which will help to unravel the cause of this, and other autoimmune diseases.

Trust has also provided assistance with the creation of the Cerebral Palsy Register, a confidential research database that will assist in the planning of services for people who have cerebral palsy and in gaining further understanding of its prevalence in Australia. A long standing relationship with the Spastic Centre has enabled us to actively participate during Cerebral Palsy week in August. 'You be the Difference' was the campaign to encourage adults and children with cerebral palsy to share their stories, photos and videos.

The Winter and Glover Post Doctoral Fellowship in cancer research is one of 11 scholarships we administer for the University of Melbourne. This year it was awarded to Dr Rodney Luwor to focus on the hope of inhibiting tumors in breasts, lungs and prostates to ultimately reduce cancer morbidity rates.

Environment and Indigenous

Bush Heritage Australia is a national, independent, non-profit organisation. It is committed to protecting Australia's animals and plants and their habitats. The Elizabeth Gabler Trust managed by us supported one of their projects – The Edgbaston Reserve Artesian Springs Conservation and Recovery Project. The network of artesian springs on this 8074 ha property is home to an incredible diversity of life-forms found nowhere else. The entire global population of the nationally endangered redfin blue-eye fish lives in just five pools on the property. The reserve protects 27 regional ecosystems as well as the highest concentration of species unique to the Great Artesian Basin in the country.

Funding from the Fred P Archer Charitable Trust has enabled Buzz Dance Theatre, Australia's premier dance theatre company for children and young people, to embark on residency tours to the Pilbara and Kimberley regions of Western Australia. The workshops taught local Indigenous communities how to run their own dance theatre projects that are culturally significant and encourage young people to celebrate their heritage in a fun and playful way.

Our staff care, too

Trust also actively supports our staff in their own community activities. Under a policy being increasingly utilised, staff can invest one day of their work time per year to volunteer for a selected charity.

The Chile and Haiti earthquake tragedies highlighted the random hardships that can befall any of us. Through our staff fundraising efforts, we contributed aid to the victims and families of these natural disasters at a time when they needed it most.

Closer to home, our staff were equally generous during the festive season and gathered gifts for men and women in the aged care and dementia wards of the Prince of Wales Hospital. This is the fourth year the Trust team has been involved in this initiative, which is greatly appreciated by staff and patients, as they often feel left out of the festive season celebrations.

In January 2010, our Singapore team provided a day out for young adults with intellectual disabilities from Touch Community Services. They raised the requisite funds needed and helped supervise 40 special needs adults on a day visit to a local animal farm known as 'The Animal Resort' on the outskirts of the city. The enthusiasm of our staff was equally matched by the delight of their guests who thoroughly enjoyed the opportunity to spend time with the animals.

Trust also assists staff in their own fundraising efforts. This year many staff have been able to participate in activities they are passionate about. Trust encourages staff to have an active life outside of the work environment and this year we have supported a range of events, including: the hike4hunger.org initiative, which is an eight day hike from Canberra to the summit of Mt Kosciusko for 'World Food Day'; Juvenile Diabetes' 160km bike ride in the Barossa Valley; and the Victorian Variety Bash, a nine day drive from Bendigo to Alice Springs.

Would you like to be involved?

Our ability to make a difference is dependent upon the support we are given from our donors. Donors can give directly to the Trust Foundation, or may choose to establish a named management account. Alternatively, arrangements can be made to bequest under your will, which could provide a capital gains tax benefit. Please contact Trust, or refer to our website for further information.

Our focus now is to continue along the path we have already made and build upon the enormous difference we make to the lives we touch every day.

We now administer over 350 charitable trusts and manage charitable monies in excess of $500 million.

DIRECTORS' REPORT

L-R: Warren McLeland, John Macarthur-Stanham, John Atkin, Roger Davis, Bruce Corlett, James King and Josephine Sukkar.

The Directors of Trust Company Limited ('Trust' or the 'Company') present their report together with the financial statements of the Company and its controlled entities (the 'Group' or 'Trust Group') for the financial year ended 28 February 2010. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report follows.

The names and particulars of the Directors and the company secretaries in office during the year and since the end of the year are:

Bruce Corlett
BA, LLB

Chair of Trust, Independent Non-Executive Director

Member of the Audit, Risk and Compliance Committee, Investment Committee, Philanthropy and Community Committee, People and Remuneration Committee

Bruce Corlett was appointed to the Board of Trust in 2000 and appointed as Chairman on 17 July 2003. He has had extensive experience as a public company director over many years. He currently serves as a non-executive director of a number of public companies including Servcorp Limited (Chair). Although he trained as a solicitor, Bruce has spent much of his life involved in the Australian finance, property, securities and maritime industries.

He has had a lifetime involvement in the community and not-for-profit sector including Chair – Microsearch Foundation of Australia, Senate Fellow – University of Sydney, Chair – Advisory Board, Faculty of Economics and Business – University of Sydney. Current roles include Ambassador – Australian Indigenous Education Foundation, Director – Lifestart, Chair – Mark Tonga Relief Foundation.

Listed company directorships held during the past three financial years:

- Servcorp Limited from October 1999 to date.
- Tooth & Co Limited from September 1999 to date (delisted 12 February 2010).
- Stockland Corporation Limited from October 1996 to 21 October 2008.
- Adsteam Marine Limited (listed entity until 3 April 2007) from March 1997 to 17 May 2007.

John Atkin
BA (Hons) LLB (Hons)
Chief Executive Officer
Member of the Investment Committee, Philanthropy and Community Committee

John Atkin joined Trust on 19 January 2009 as Chief Executive Officer. Most recently, John held the position of Managing Partner and Chief Executive Officer at Blake Dawson from 2002 to 2008. Prior to his position at Blake Dawson, John was a senior partner at Mallesons Stephens Jaques. During his time as a professional lawyer, John's work principally focused on equity capital markets and mergers and acquisitions. John is a Non-Executive Director of the Australian Outward Bound Foundation and a Non-Executive Director designate of QR National Limited.

John Macarthur-Stanham
BEc, MBA
Vice Chairman, Independent Non-Executive Director
Chairman of the People and Remuneration Committee, Member of the Audit, Risk and Compliance Committee

John Macarthur-Stanham was appointed as a Director of Trust in 1991. He is a Director of Dairy Farmers Milk Co-operative Limited and of an animal foods supplements company, OAE Holdings Pty Limited. He has had extensive experience as a Director on a number of CSR subsidiaries and related companies, and Gosford Quarries Holdings Limited until his resignation in 2007. John also looks after his family's farming and investment interests.

Listed company directorship's held during the past three financial years:

- Gosford Quarries Holdings Limited (listed 28 July 2006) from November 2005 to 25 October 2007.

Roger Davis
BEc (Hons), MPhil (Oxon)
Independent Non-Executive Director
Chairman of the Audit, Risk and Compliance Committee

Roger Davis was appointed as a Director of Trust on 23 June 2006. He is an experienced senior executive in the financial services industry, a professional company director and is currently a consulting Director at Rothschild Australia Limited. Roger's career spans more than 25 years in financial services. He has held senior positions in Australia, the USA and Japan, including the positions of Managing Director, Citigroup Inc., New York and Group Managing Director, ANZ Banking Group Limited. He is also a Director of Bank of Queensland Limited, Ardent Leisure Limited, Aristocrat Leisure Limited, Territory Insurance Office (a Northern Territory statutory body corporate) and Charter Hall Office Management Limited (the responsible entity for the listed Charter Hall Office REIT).

Listed company directorships held during the past three financial years:

- Bank of Queensland Limited from August 2008 to date.
- Aristocrat Leisure Limited from June 2005 to date.
- Ardent Leisure Limited (a stapled entity within the Ardent Leisure Group) from May 2008 to date.
- Magellan Financial Group Limited from 29 March 2004 to 20 December 2006.

James King
BComm, FAICD
Independent Non-Executive Director
Member of the People and Remuneration Committee

James King was appointed as a Director of Trust on 1 February 2007. He is a professional company director with experience in leading major multinational corporations in Australia and Asia Pacific markets. He was previously with Foster's Group Limited as Managing Director of Carlton & United Breweries, Managing Director of Foster's Asia and Senior Vice President Strategy and Business Development. Prior to joining Foster's, he spent six years in Hong Kong as President of Kraft Food (Asia Pacific). James is also Chairman of the Juvenile Diabetes Research Foundation (Victoria) and on the Council of Xavier College.

Listed company directorships held during the past three financial years:

- JB Hi-Fi Limited from May 2004 to date.
- Navitas Limited (formerly IBT Education Limited) from November 2004 to date.
- Pacific Brands Ltd from September 2009 to date.
- Babcock & Brown Environmental Investments from September 2006 to 14 May 2008 (delisted 25 June 2008).
- Tattersalls Limited from 31 May 2005 to 12 October 2006 (now called Tatts Group Limited).

Warren McLeland
BSc (Hons), FFin, MSI, MBA
Independent Non-Executive Director
Chairman of the Investment Committee

Warren McLeland was appointed as a Director of Trust on 3 May 2005. Before his appointment, he acted as a standing alternate Director from 28 August 2003 until his appointment as a Director. Previously, he served as a member of the Board from August 1997 to July 2003. Warren was previously a stockbroker and member of the Sydney Stock Exchange and a Senior Managing Director with Chase Manhattan Bank, with more than 30 years experience in domestic and international financial services businesses. He is a Director of, and adviser to, a number of public companies, including Eclectic Investment Trust PLC, which is a significant shareholder in Trust, and Utilico Limited.

Listed company directorships held during the past three financial years:

- Ellect Holdings Limited (formerly Intellect Holdings Limited) from April 2005 to date.
- Wilson HTM Investment Group Limited from March 2007 to date.

Josephine Sukkar
BSc (Hons), Grad Dip Ed
Independent Non-Executive Director
Chairman of the Philanthropy and Community Committee

Josephine Sukkar was appointed as a Director of Trust on 26 March 2010. Josephine is co-owner of Buildcorp, where she has overall responsibility for executive business development and marketing, human resources and sustainability. Josephine is a keen philanthropist. She is Vice-President of YWCA NSW, a Director of the Sydney University Football Club Foundation, and is actively involved with a number of other charitable and community organisations including Redkite, Sydney University Football Club, Women on Boards and the Museum of Contemporary Art. She has a personal interest in mentoring young businessmen and women, and facilitating support and sponsorship of community organisations through her business network.

Sally Ascroft
BEc, LLB
Company Secretary

Appointed 2 November 2009. Sally Ascroft joined Trust in November 2009 as Group General Counsel and Company Secretary.

Alex Carrodus
BEc, MFin, ACA, AFin
Company Secretary

Appointed 10 February 2010. Alex Carrodus joined Trust in December 2009 as the Company Secretary.

Deahne Moore
BComm, LLB
Company Secretary

Appointed 14 May 2009, resigned 9 November 2009. Deahne Moore joined Trust in May 2007 as the Group Secretary.

Geoffrey Corderoy
BSc, LLB, Grad Dip AppCorpGov
Company Secretary

Resigned 15 May 2009. Geoff Corderoy, a Chartered Company Secretary, joined Trust in 1989. He was Company Secretary since 2003 and was also the General Counsel for the Trust Group.

Principal activities
Trust is one of Australia's longest serving financial services companies with over 125 years of experience.

The Company provides a wide range of financial services which include:

- Personal Services include Wealth Transfer Planning, Trust Lifestyle Care, Health and Personal Injury services, Funds Management, Financial Planning, Estates and Trusts administration and Philanthropy services to intermediaries and the wider retail market.
- Corporate Services include Property and Infrastructure Custody, Responsible Entity services, Superannuation Compliance and Trustee services, Structured Finance Trustee services and REIT Trustee services to institutions.

Trust has offices in Sydney, Melbourne, Brisbane, Townsville and Singapore, with over 240 employees and a market capitalisation of $207m as at 28 February 2010.

Consolidated results and review of operations
The consolidated profit after income tax expense for the financial year attributable to members of the parent entity was $10.9m (2009: profit of $20.6m).

Consolidated revenue from ordinary activities decreased by 4% to $57.1m (2009: $59.7m).

Changes in state of affairs
There were no significant changes in the state of affairs of the Trust Group other than that referred to in the financial report.

Subsequent events
A final dividend of 16.5 cents per share fully franked was declared on 28 April 2010 to be paid on 25 May 2010 (2009: 22cents per share declared on 22 April 2009 and paid on 20 May 2009).

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Trust Group, the results of those operations, or the state of affairs of the Trust Group for future financial years.

Future developments
Please refer to the Chief Executive Officer's Report.

Dividends
In respect of the financial year ended 28 February 2010:

- an interim dividend was paid on 12 November 2009 of 17.2 cents per fully paid ordinary share ($5.57m), fully franked at 30%.

In respect of the financial year ended 28 February 2009:

- a final dividend was paid on 20 May 2009 of 22 cents per fully paid ordinary share ($7.12m), fully franked at 30%.

Remuneration Report
The Remuneration Report sets out the Trust Group's remuneration framework and arrangements for Key Management Personnel (KMP) and other executives. The information provided in this remuneration report has been audited as required by the *Corporations Act.*

Trust Group Directors believe the remuneration philosophy, processes and arrangements (including Short Term and Long Term Incentive structures), are consistent with good corporate governance and are firmly aligned to creating long term wealth for our shareholders.

The report reflects changes to the Trust Group's incentive arrangements that were approved by shareholders at the Extraordinary General Meeting held in December 2009.

Details of KMP
KMP have authority and accountability for planning, directing and controlling the activities of the Trust Group. The KMP of Trust Company Limited in office during the year and up to the date of this report were as follows:

Non-Executive Directors
Bruce Corlett
(Chairman)

John Macarthur-Stanham
(Vice Chairman)

Warren McLeland

Roger Davis

James King

Josephine Sukkar
– appointed 26 March 2010

Executive Director
John Atkin
(Chief Executive Officer)

Executive Team
John Atkin
(Chief Executive Officer)

Vicki Allen
(Chief Operating Officer)

David Grbin
(Chief Financial Officer)

Simon Lewis
(Head of Strategy Communications and Community)

Andrea Free
(Head of People and Development)

Sally Ascroft
(Group General Counsel and Company Secretary)
– appointed 2 November 2009

Our remuneration policies and remuneration disclosures are set out in the following five sections:

1. People and Remuneration Committee – membership and role responsibility.
2. Remuneration philosophy – the underlying principles and approach to remuneration of the Trust Group.
3. Executive compensation – describes the framework and mix for executive remuneration, including an outline of the performance schemes in place for executives and remuneration tables for the Executive Team.
4. Performance of Trust Group – summarises the Trust Group's five year performance.
5. Non-Executive Director compensation – outlines the fee structure and limits as approved by shareholders and includes remuneration tables for Non-Executive Directors.

1. People and Remuneration Committee

The People and Remuneration Committee (the Committee) oversees and makes recommendations to the Board on executive and director remuneration arrangements. The Committee recommends to the Board any remuneration changes for the CEO, determines the remuneration of Senior Executives reporting to the CEO, and oversees general remuneration policies across the Trust Group.

The Committee met on five occasions during the reporting period. The Company Secretary acts as secretary to the People and Remuneration Committee.

The Committee consists of three Non-Executive Directors:

- John Macarthur-Stanham (Chairman);
- Bruce Corlett;
- James King (appointed to the Committee on 26 February 2010).

The CEO and the Head of People and Development attend committee meetings by invitation, but do not attend when matters directly affecting their remuneration arrangements are being considered by the Committee.

2. Remuneration philosophy

Trust Group recognises that its success depends on the quality and contribution of its people. The principles underlying Trust Group's remuneration philosophy for all its employees and Executives are to:

- link rewards to creating sustainable value for shareholders;
- attract, develop and retain talented employees and Executives;
- initiate and execute the Company's business plans and strategy as endorsed by the Board;
- reward the delivery of superior performance;
- have a balanced mix of short-term and long-term remuneration components;
- be consistent with and supportive of the Company's ethical framework and commitment to good corporate governance;
- ensure that remuneration arrangements are competitive and fair, and reflect the external labour market within the finance sector.

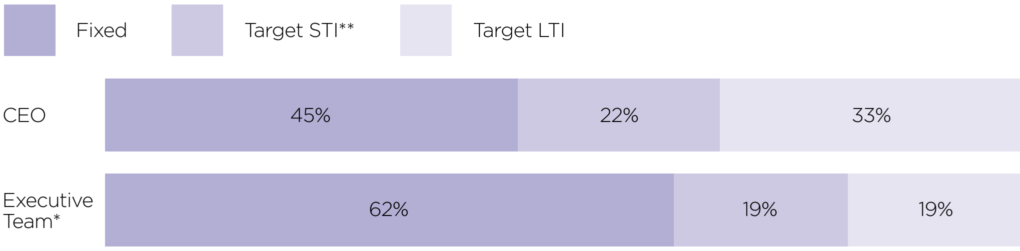
Trust Group reviews employee performance throughout the year, culminating in an annual performance review for all permanent employees, which includes an assessment of development needs and evaluation of Key Performance Indicators (KPIs). There is a link between an individual's achievements as assessed through the annual performance review and their level of reward. Thus the outcome of an employee's performance review is a critical part of their remuneration review.

Remuneration reviews take place on an annual basis. Current market conditions and the Trust Group's financial performance will be taken into consideration to determine the extent of remuneration reviews in any given year. Trust Group's People and Development team, in conjunction with the Executive Team and the People and Remuneration Committee, are involved in the remuneration review process.

Trust Group periodically engages external advisers to conduct reviews of remuneration for all employees companywide. This review takes into consideration current market rates and trends for a cross-section of roles, including executive positions. The advice of other external advisers is also sought from time to time in order to retain and attract qualified and appropriately skilled employees.

Directors and employees are required to comply with all company policies and procedures at all times, including a Share Trading Policy and confidentiality and compliance obligations. These policies and procedures are available on the Company's website.

Remuneration mix based on achievement of target STI and LTI



*The remuneration component percentages for each of the Executive Team members vary.

** Upon exceeding their target financial objective, there was an opportunity for the CEO and each Executive Team member to earn above the target STI potential for their financial component, up to a maximum of 200% of that amount.

3. Executive compensation

Remuneration for KMP is assessed on an annual basis. The external economic environment and the Company's performance is taken into consideration for any remuneration changes. The remuneration review takes into consideration individual, divisional and Group performance criteria established within a formal performance appraisal system operating for executives and all employees. In addition to base salary, Executives participate in the Short Term Incentive Plan (STI) and the Long Term Incentive Plan (LTI).

Trust Group's current remuneration framework has two components:

1. Fixed remuneration – base salary and statutory superannuation contributions which represent total fixed remuneration.
2. At Risk remuneration – in addition to fixed remuneration, a performance related (At Risk) component is delivered in the form of cash and/or performance rights through the STI and LTI Plans.

The above graph shows the mix in remuneration for fixed and performance related (At Risk) components for the CEO and Executive Team. An appropriate remuneration mix is determined for each position, taking into consideration the Executive's role and the level of responsibility.

3.1 Fixed remuneration

Fixed remuneration is determined by reference to independent research, factoring in the scope and nature of the role, along with the incumbent's skills, experience, knowledge and capability. The fixed remuneration component of the Executive's remuneration includes base salary and superannuation contributions in line with the compulsory Superannuation Guarantee Contribution (SGC). All Trust employees have the option of electing a superannuation fund of their choice, including an option to select Trust's default superannuation fund. Salary packaging is available to Executives, which provides them with flexibility to vary the mix of cash and benefits they receive within fixed remuneration. Such benefits may include motor vehicles and parking, and are provided at commercial rates, inclusive of any Fringe Benefits Tax incurred by Trust. By way of additional benefit offered to Trust employees (excluding Non-Executive Directors), Trust currently offers an additional 1% Company funded employer superannuation contribution, over and above the statutory superannuation contribution. To be eligible for this benefit, an employee must elect to join the Company's default superannuation fund and make a minimum 1% employee contribution via a salary sacrifice arrangement.

3.2 Performance related (At Risk) component

The two key performance schemes in place for executives are the STI and LTI plans.

Trust Group's current incentive arrangements were approved by shareholders at the 2009 Extraordinary General Meeting and are outlined on the following pages.

3.2.1 Short Term Incentive (STI) plan

Trust Group's STI Plan is a performance-based scheme designed as an incentive to participants, dependent on their role in the organisation to create new business or strengthen or improve the business. The Plan is part of the overall remuneration strategy of Trust to strengthen the alignment between employee and shareholder interests through ensuring that a greater proportion of performance payments are made in shares and less in cash.

Eligibility is determined at the beginning of the Trust Group's financial year, based on role importance and individual performance. The quantum is a dollar amount target that is specified for each participant and is measured against performance hurdles.

Performance hurdles

A participant in the STI scheme is measured against financial and non-financial targets. Depending on a participant's role in the organisation, the financial target of the potential STI is dependent on Trust Group's overall performance, and the non-financial target is dependent on individual performance hurdles. Trust Group's financial performance hurdles are based on targeted earnings before interest, tax, depreciation and amortisation. Individual performance hurdles are specific to the participant's function or business unit and are weighted according to the participant's role in the Trust Group.

For this reporting period, participants could elect to receive:

- 100% of their STI in cash;
- 100% of their STI in performance rights; or
- 50% of their STI in cash and 50% in performance rights.

In future reporting periods, participants will be unable to take 100% of their STI in cash. For future STI awards, participants will therefore be required to take their STI in the form of 100% performance rights, or 50% cash and 50% performance rights.

A performance right represents a right to acquire a fully paid ordinary share in the Company at the end of the performance period. Performance rights may only be vested if performance hurdles, vesting conditions and employment tenure conditions are satisfied in the performance period. The number of performance rights is determined by dividing the STI dollar amount by the weighted average price of Trust shares traded on the ASX during the first five days immediately following the day on which Trust announces its results for the financial year preceding the performance period, less the final dividend for that year.

The participant's STI award is divided into two equal tranches and is paid or allocated over a two year period. The first tranche is paid or allocated at the end of the performance period (i.e. at the end of year one) and the second tranche is paid or allocated at the end of the following year (i.e. at the end of year two). Both tranches are conditional on the continued satisfactory performance of the participant and will not vest or be paid if the participant has exposed the Company to any unintended risks. Allocation of the award over a two year period helps to align short-term objectives with longer-term strategy and also serves as a retention incentive.

Subject to vesting of the performance rights, shares allocated under the STI plan carry a seven year trading restriction, commencing from the date on which performance rights were awarded to the participant.

3.2.2 Long Term Incentive (LTI) plan

Trust Group's LTI Plan seeks to reward Executives for creating strong shareholder value over the medium and longer term relative to the general sharemarket. It is only when shareholders benefit from above average returns that Executives benefit from this plan.

The first LTI Plan commenced in February 2001. The current LTI Plan is a performance rights plan, offered to KMP and other Executives. The LTI Plan seeks to align rewards for key staff with shareholders' interests and it rewards high performance and improvements to support business plans and corporate strategies.

Performance rights are granted to Executives which, subject to vesting, entitle the Executive to shares. Eligibility is normally determined at the beginning of Trust Group's financial year, based on role importance and individual performance. The quantum or dollar amount of the LTI is set each year at the beginning of Trust Group's financial year. The CEO nominates the participants of the LTI Plan to the People and Remuneration Committee, which approves the participants.

The performance period for the LTI Plan is three consecutive financial years. The performance hurdles are as follows:

Key management personnel and other executives

- Total Shareholder Return (TSR) of Trust compared to the TSR of the comparator group companies, comprising the constituent companies of the S&P/ASX 200 index; and
- completion of three full years of continuous employment service with the Trust Group, commencing on the first day of the performance period and ending on the last day of the performance period.

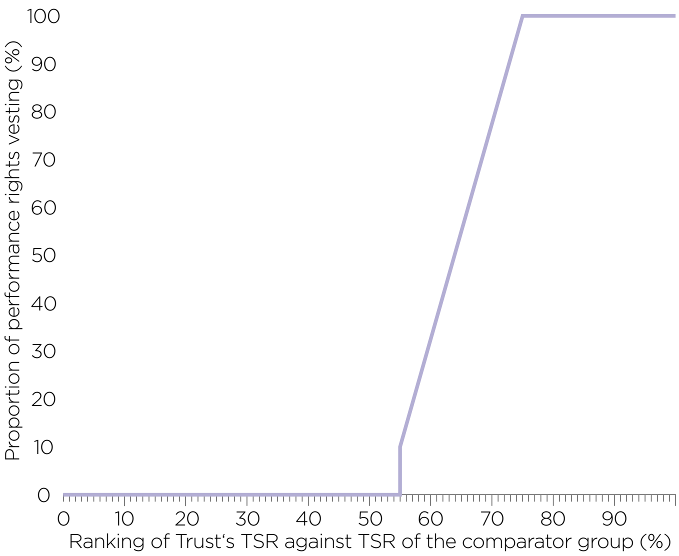
TSR is the total returns on investment a shareholder receives over a specified period of time, including dividends and share price movements. The group of constituent companies in the comparator group is defined at the commencement of the LTI performance period.

TSR used in LTI Plan

The table below outlines the performance thresholds of TSR used in the LTI Plan:

Ranking of Trust's TSR against TSR of the comparator group	Proportion of performance rights vesting
Lower than 55th percentile	Nil
At the 55th percentile	10%
Higher than 55th percentile but lower than 75th percentile	Proportion of TSR grant vesting increases in a straight line between 10% and 100%
75th percentile or higher	100%

Performance thresholds of TSR used in the LTI Plan
The following graph illustrates that above average shareholder return must be achieved before participants benefit from the Plan.



At the market median of 50%, no entitlement is earned.

A performance right represents a right to acquire a fully paid ordinary share in the Company at the end of the performance period. Performance rights may only be vested if performance hurdles, vesting conditions and employment tenure conditions are satisfied in the performance period. The number of performance rights is determined by dividing the LTI Plan dollar amount by the weighted average price of Trust shares traded on the ASX during the first five days immediately following the day on which Trust announces its results for the financial year preceeding the performance period, less the final divided for that year.

The award of performance rights is divided into three equal tranches over a three year period, commencing from the end of the performance period. The first tranche of performance rights vests at the end of the three year performance period. The second tranche vests in the following year, and the third tranche vests in the year thereafter.

The participant is not entitled to shares in Trust before the performance rights vest. The participant therefore cannot use the rights to vote or receive dividends. Once the performance rights vest, shares in Trust will be transferred to the participant.

Subject to vesting of the performance rights, shares allocated under the LTI Plan carry a seven year trading restriction, commencing from the date on which performance rights were awarded to the participant.

Under amendments made to the Plan in 2009, participants are not permitted to hedge their exposure to movements in the Company's share price.

Options
No options have been granted in respect to the Company's share capital.

3.3 Remuneration tables for the Executive Team

This section provides the remuneration details for the Executive Team.

The designation Executive comprises the 'Company Executives' receiving the highest remuneration during the year and identified as KMP as defined by the *Corporations Act 2001*.

		Short-term employee benefits				Post employment benefits
	Financial Year	Salary and fees	Short Term Incentive**	Other short-term benefits	Total short-term payments	Superannuation benefits
		$	$	$	$	$
Executive						
John Atkin[1] Chief Executive Officer	2010	460,480	–	–	460,480	41,443
	2009	52,929	25,688	–	78,617	7,076
Vicki Allen Chief Operating Officer	2010	346,104	51,135	–	397,239	34,904
	2009	276,007	60,550	–	336,557	29,443
David Grbin[2] Chief Financial Officer	2010	313,126	93,150	–	406,276	28,181
	2009	208,750	32,110	–	240,860	21,678
Simon Lewis Head of Strategy Communications and Community	2010	180,779	–	–	180,779	16,270
	2009	176,606	9,174	22,936^	208,716	18,785
Andrea Free[3] Head of People and Development	2010	174,982	16,384	13,761^^	205,127	18,462
	2009	N/A	N/A	N/A	N/A	N/A
Sally Ascroft[4] Group General Counsel and Company Secretary	2010	84,121	–	–	84,121	8,412
	2009	N/A	N/A	N/A	N/A	N/A
Former Executives						
Jonathan Sweeney[5] Managing Director	2010	N/A	N/A	N/A	N/A	N/A
	2009	366,109	113,500	114,220^	593,829	47,013
Eugene Quass[6] Executive General Manager, Financial Services	2010	N/A	N/A	N/A	N/A	N/A
	2009	275,229	–	–	275,229	24,771
Total remuneration	**2010**	**1,559,592**	**160,669**	**13,761**	**1,734,022**	**147,672**
	2009	**1,355,630**	**241,022**	**137,156**	**1,733,808**	**148,766**

[1] John Atkin was appointed Chief Executive Officer on 19 January 2009.
[2] David Grbin was appointed Chief Financial Officer on 1 July 2008
[3] Andrea Free was appointed Head of People and Development on 1 March 2009
[4] Sally Ascroft was appointed Group General Counsel and Company Secretary on 2 November 2009.
[5] Jonathan Sweeney resigned 31 December 2008.
[6] Eugene Quass ceased employment 27 February 2009.
** Short Term Incentives may be delivered in cash and/or shares
~ Fair value at grant date for 2010 is $3.31 and $6.86 for 2009.
* Refer to valuation assumptions table for details of valuations of STI and LTI Plans.
^ Recognition of contribution towards the sale of BNY Trust Australia Limited.
^^ Recognition of additional responsibilites undertaken in the capacity of Acting Head of People and Development prior to 1 March 2009.
N/A Not Applicable.
[#] Half of these shares have vested.
[##] None of these shares have vested.

Short Term Incentive**	Long Term Incentive (Share-based payments*)	Value of restricted shares (Share-based payments*)	Other long-term benefits: Long service leave	Termination payments: Cash-based payments	Termination payments: Share-based payments	Total	Rights over equity instruments granted~	Rights over equity instruments awarded~
$	$	$	$	$	$	$	No.	No.
206,563	83,755	–	–	–	–	792,241	126,518	41,814#
–	–	–	–	–	–	85,693	–	–
55,738	51,209	–	–	–	–	539,090	49,595	11,283##
–	11,615	–	–	–	–	377,615	13,607	–
–	45,117	–	–	–	–	479,574	30,364	–
–	11,158	–	–	–	–	273,696	11,513	–
37,125	18,327	–	–	–	–	252,501	20,243	7,515#
–	5,439	–	–	–	–	232,940	4,186	–
17,859	12,284	–	–	–	–	253,732	15,688	3,615##
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15,750	–	–	–	–	–	108,283	4,555	3,188#
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
–	–	–	–	270,385	–	911,227	–	–
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
–	–	–	–	231,888	–	531,888	13,607	–
333,035	**210,692**	**–**	**–**	**–**	**–**	**2,425,421**	**246,963**	**67,415**
–	**28,212**	**–**	**–**	**502,273**	**–**	**2,413,059**	**42,913**	**–**

STI Plan and LTI Plan allocations of benefits and vesting details for current year plans

		Total STI (shares and cash)		LTI				
	Financial Year	Percentage allocated	Percentage forfeited	Percentage vested	Percentage forfeited	Percentage deferred	Minimum total future value	Maximum total future value
Executive		%	%	*%	**%	***%	$	^$
John Atkin Chief Executive Officer	2010	82.63	17.37	–	–	–	–	375,000
	2009	100.00	–	–	–	–	–	–
Vicki Allen Chief Operating Officer	2010	79.63	20.37	–	–	–	–	175,000
	2009	55.00	45.00	–	–	–	–	130,000
David Grbin Chief Financial Officer	2010	77.63	22.37	–	–	–	–	150,000
	2009	31.81	68.19	–	–	–	–	110,000
Simon Lewis Head of Strategy Communications and Community	2010	82.50	17.50	–	–	–	–	55,000
	2009	25.00	75.00	–	–	–	–	40,000
Andrea Free Head of People and Development	2010	79.38	20.62	–	–	–	–	55,000
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sally Ascroft Group General Counsel and Company Secretary	2010	70.00	30.00	N/A	N/A	N/A	N/A	N/A
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Former Executives								
Jonathan Sweeney Managing Director	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2009	64.85	35.15	–	100.00	–	–	–
Eugene Quass Executive General Manager, Financial Services	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2009	–	100.00	–	100.00	–	–	130,000

^ Maximum total future value represents the maximum amount of remuneration that could arise in the event that all performance hurdles, as outlined in Note 25 to the Financial Statements, are achieved in full.

* Percentage vested is the portion of the grant made available to the Executive at the end of the performance period.

** Percentage forfeited is the portion of the grant that the Executive foregoes at the end of the performance period.

*** Percentage deferred represents the compulsory deferral of shares vested under the LTI program at the end of the performance period.

Details of share performance rights for all KMP under the STI Plan are as follows:

Grant date	Vesting period	Expiry date	VWAP(i)	No. of performance rights
17 September 2008	1 March 2008 to 28 February 2009	1 March 2019	9.55	–
16 January 2010	1 March 2009 to 28 February 2010	1 March 2016	4.94	82,996
				82,996

Details of share performance rights for all KMP under the LTI Plan are as follows:

Grant date	Vesting period	Expiry date	Fair value at grant date(ii)	No. of performance rights
19 July 2007	1 March 2007 to 28 February 2010	1 March 2020	–	28,759
23 July 2008	1 March 2008 to 28 February 2011	1 March 2021	6.86	38,728
16 January 2010	1 March 2009 to 29 February 2012	1 March 2016	3.31	163,968
				231,455

(i) The quantum or dollar amount of the LTI is set each year normally at the beginning of Trust Group's financial year. The number of performance rights is determined by dividing the set dollar amount by the volume weighted average price (VWAP) of Trust shares traded on the ASX during the first five days immediately following the day on which Trust announces its results for the financial year preceding the performance period, less the final dividend for that year.

(ii) The 'fair value' of LTI performance rights has been calculated using a Monte-Carlo simulation method, incorporating the assumptions below:

Valuation assumptions

Grant date	Fair value	Exercise price	Risk free rate	Assumption term	Dividend yield	Volatility
23 July 2008	6.86	–	6.62%	31 months	4.90%	33.00%
16 January 2010	3.31	–	4.75%	26 months	5.50%	39.00%

The fair values reflect the assessment of the probability that the plan performance hurdles will be subsequently met for the shares to be allocated.

Details of movements in the number of performance rights outstanding for KMP are as follows:

	2010 number	2009 number
Balance at the beginning of the year	37,525	50,339
Granted during the financial year	246,964	42,913
Awarded during the financial year	(67,415)	–
Forfeited during the financial year	(27,085)	(55,727)
Balance at the end of the financial year	**189,989**	**37,525**

3.4 Employment and termination arrangements

All KMP are employed for an indefinite period of time. The notice period for termination of the contracts under normal circumstances by either the employee or Trust Group ranges from three months to 12 months. The following table outlines arrangements for termination payments.

Current key management personnel

Name	Notice period*	Severance payment(1)*
John Atkin	12 months	12 months, inclusive of notice period (i.e. maximum of 12 months payment on termination, inclusive of notice period)
Vicki Allen	3 months	Linked to length of service with a maximum of 40 weeks payment
David Grbin	3 months	Linked to length of service with a maximum of 40 weeks payment
Simon Lewis	3 months	Linked to length of service with a maximum of 40 weeks payment
Andrea Free	3 months	Linked to length of service with a maximum of 40 weeks payment
Sally Ascroft	3 months	Linked to length of service with a maximum of 40 weeks payment

(1) Severance payment applies where termination is initiated by the Company, other than for misconduct or unsatisfactory performance. Fixed remuneration is used to calculate severance payment.

*Notice period and severance terms are currently under review.

4. Performance and reward in the past five years

Payments under Trust Group's STI Plan are related to Company performance. The following table summarises STI payments made to KMP in the past five years.

STI payments made to KMP

	Year ended				
	2006	2007	2008	2009	2010
Amount paid ($)	326,800	283,233	336,000	378,178	507,465

The increase in STI payments in 2010 reflects an upskilling of the Executive Team, an increased proportion of Executive remuneration being at risk, and progress that has been made in the development of strategic priorities and financial performance delivered against a backdrop of the GFC. Each year, the People and Remuneration Committee sets performance objectives for the CEO and Executive Team, including the relative weighting between financial and non-financial objectives, having regard to the Company's priorities and business plan for that period. For FY10, the CEO's potential STI target was weighted equally between financial and non-financial objectives. This weighting reflected the relative priority placed on the strategic review and other aligned non-financial objectives for that period. Commencing in FY10, the targets for the financial objectives were adjusted to reflect the impact of movements in the ASX 200 on the Company's financial results. While the Company exceeded its budgeted operating EBITDA, on a market-adjusted basis the CEO achieved 96.5% of his financial target objective, resulting in him being awarded 91.3% of that part of his STI referable to his financial objectives at target. The CEO was awarded 74% of his non-financial STI component, reflecting the Board's assessment of his performance against the non-financial objectives. In total, an outcome of 82.6% of his target STI potential was awarded to the CEO. A similar approach was adopted for each member of the Executive Team. Upon exceeding their target financial objective, there was an opportunity for the CEO and each Executive Team member to earn above the target STI potential for their financial objective, up to a maximum of 200% of that amount.

The Trust Group's LTI Plan is closely aligned to creating sustainable value for shareholders. Due to the relatively high performance hurdles of the LTI Plan, the only entitlements earned by KMP over the last five years was for the 2003-2006 performance period, when 4,587 shares (value $37,310) were issued.

Trust Group's five year financial performance
The following table summarises the Trust Group's five year financial performance.

	Year ended				
	2006	2007	2008	2009	2010
Annual ongoing EBITDA performance ($'000)	15,900	17,600	20,300	18,600	**15,733**
Net profit after tax – continuing operations ($'000)	18,011	25,414	20,295	20,604	**10,911**
Net profit after tax – discontinued operations ($'000)	9,134	–	–	–	**–**
Total net profit after tax ($'000)	**27,145**	**25,414**	**20,295**	**20,604**	10,911
Ordinary fully franked dividends per share declared with respect to that year (cents)	41	44	54	42	**33.7**
Special dividends per share declared with respect to that year (cents)	20	15	–	100	**–**
Total dividends per share declared with respect to that year (cents)	**61**	**59**	**54**	**142**	33.7
Basic earnings per share – operating profit from continuing operations (cents)	55.9	78.8	62.8	63.8	**33.8**
Closing share price ($)	10.10	12.00	9.71	4.10	**6.40**
3 year TSR performance percentile	68%	36%	25%	38%	**30%**

5. Non-Executive Director compensation

Non-Executive Directors' fees are determined by the Board within the limits approved by shareholders.

At Trust Group's AGM held in July 2005, shareholders approved the aggregate limit of Non-Executive Directors' fees of $500,000 per year. The Board has access to the advice of independent consultants to ensure that remuneration levels are appropriate and relative to fees paid by comparable companies.

Following the appointment of a new Non-Executive Director, a resolution is to be put to shareholders at the 2010 AGM to increase the aggregate fee limit to $600,000. This increase is to accommodate an extra Board member and a market-based increase in Directors' fees.

The Board is conscious that it must set remuneration levels to attract and retain experienced Directors who can contribute at a high level to Board and Company performance.

5.1 Remuneration tables for Non-Executive Directors

		Short-term employee benefits				Post employment benefits
	Financial Year	Salary and fees	Short Term Incentive	Other short-term benefits	Total short-term payments	Superannuation benefits
		$	$	$	$	$
Non-Executive Director						
Bruce Corlett Chairman	2010	125,000	–	–	125,000	11,250
	2009	125,000	–	–	125,000	11,250
John Macarthur-Stanham Vice Chairman	2010	75,000	–	–	75,000	6,750
	2009	75,000	–	–	75,000	6,750
Warren McLeland	2010	60,000	–	–	60,000	5,400
	2009	60,000	–	–	60,000	5,400
Roger Davis	2010	55,000	–	–	55,000	4,950
	2009	55,000	–	20,000^^	75,000	6,750
James King	2010	55,000	–	–	55,000	4,950
	2009	55,000	–	20,000^^	75,000	6,750
Total remuneration	**2010**	**370,000**	**–**	**–**	**370,000**	**33,300**
	2009	**370,000**	**–**	**40,000**	**410,000**	**36,900**

^^ Recognition of extra committee work.

Share-based payments			Other long-term benefits	Termination payments				
Short Term Incentive	Long Term Incentive	Value of restricted shares	Long service leave	Cash-based payments	Share-based payments	Total	Rights over equity instruments granted	Rights over equity instruments vested
$	$	$	$	$	$	$	No.	No.
–	–	–	–	–	–	136,250	–	–
–	–	–	–	–	–	136,250	–	–
–	–	–	–	–	–	81,750	–	–
–	–	–	–	–	–	81,750	–	–
–	–	–	–	–	–	65,400	–	–
–	–	–	–	–	–	65,400	–	–
–	–	–	–	–	–	59,950	–	–
–	–	–	–	–	–	81,750	–	–
–	–	–	–	–	–	59,950	–	–
–	–	–	–	–	–	81,750	–	–
–	**–**	**–**	**–**	**–**	**–**	**403,300**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**446,900**	**–**	**–**

Directors' shareholdings and units in registered schemes

Directors' shareholdings in fully paid ordinary shares of the Company and units in registered schemes managed by the Company at 28 February 2010:

Directors	Shares beneficially held	Shares non-beneficially held	Share options held	Registered scheme units direct	Registered scheme units indirect
Bruce Corlett	–	203,875	–	–	–
John Macarthur-Stanham	376,495	432,920	–	498,843	482,052
Warren McLeland	1,520	15,000	–	–	–
Roger Davis	–	2,500	–	–	–
James King	–	5,000	–	–	–
John Atkin	–	–	–	–	-

Directors' meetings

The following table sets out the number of Directors' meetings and committee meetings held during the financial year ended 28 February 2010 and the number of meetings attended by each Director (while they were a Director/committee member).

Directors	Board of Directors		Audit committee		Audit risk and compliance committee (1) (2)		Audit risk and compliance committee (Managed Investment Schemes) (1) (2)		People and Remuneration Committee (2)		Investment Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Bruce Corlett	11	11	4	4	–	–	–	–	5	5	4	4
John Macarthur-Stanham	11	11	4	4	4	3	4	4	5	5	–	–
Warren McLeland	11	10	4	4	–	–	–	–	–	–	4	4
Roger Davis	11	11	4	4	–	–	–	–	–	–	–	–
James King	11	11	4	4	–	–	–	–	1	1	–	–
John Atkin	11	11	–	–	–	–	–	–	–	–	4	4

(1) Only those Directors who are members of the relevant committees have their attendances recorded. Other Directors do attend committee meetings from time to time; however, as they do not attend as committee members, their attendance is not recorded.

(2) Other committee members of the Audit Risk and Compliance Committee (ARCC) are John Richardson and John Wall (resigned 31 March 2010). Details of ARCC members are contained in the Corporate Governance statement on page 86.

In addition to the formal meetings recorded above, Directors meet informally or undertake specific tasks for the Board to deal with a large variety of matters for the Group. These meetings and tasks are not regarded as formal meetings and are not minuted. They are, however, invaluable for the efficient management of the Trust Group, with all Directors making themselves freely available to attend to Company matters.

Directors who are also directors of subsidiary companies attend formal meetings that are minuted; however, those subsidiary meetings are not required to be reported in this Annual Report.

Following a review of the Board Committees during the year the Committees have been restructured and renamed effective 1 March 2010. Refer to the Corporate Governance statement on page 86 for further information.

Indemnification of Directors and officers
To the extent permitted by law, Trust has resolved to indemnify Directors and officers against any liability incurred by the Director or officer as a consequence of being a Director of Trust Group except where the liability arises out of conduct involving a lack of good faith.

Directors' and officers' liability insurance
Trust has arranged directors' and officers' liability insurance policies which cover all the Directors and officers of Trust Group against certain liabilities they may incur in carrying out their duties for the Group. The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

Authorised trustee
Trust is a named trustee company in New South Wales, Victoria and Queensland and a recognised trustee company in the Australian Capital Territory under the respective State and Territory Acts. It is also an authorised trustee corporation as defined in Section 9 of the *Corporations Act 2001.*

Audit Committee
At the date of this report, Trust has a formally constituted Audit Risk and Compliance Committee of the Board of Directors.

Non-audit services
The Directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The reasons for the Directors being satisfied that the provision of the non-audit services during the year did not compromise the auditor independence requirements of the *Corporations Act* are:

- The non-audit services provided did not include involvement in decision making.
- The quantum of non-audit fees is small relative to the revenue of the auditors from all clients.

Details of the amount paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 23 to the financial statements.

Auditor's independence declaration
The auditor's independence declaration is included on page 36 of the financial report.

Rounding
Trust is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and, in accordance with that Class Order, amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the *Corporations Act 2001.*

On behalf of the Directors

Bruce Corlett
Chairman,
Sydney
28 April 2010

John Atkin
CEO,
Sydney
28 April 2010

INDEPENDENCE DECLARATION TO THE DIRECTORS OF TRUST COMPANY LIMITED

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Trust Company Limited
35 Clarence Street
SYDNEY NSW 2000

28 April 2010

Dear Board Members

Trust Company 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 Trust Company Limited.

As lead audit partner for the audit of the financial statements of Trust Company Limited for the financial year ended 28 February 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

CONSOLIDATED FINANCIAL REPORT

TRUST COMPANY LIMITED
ACN 004 027 749

For the financial year ended 28 February 2010

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

		Consolidated		Parent Entity	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Fee and commission income	2(a)	54,652	55,376	58,777	97,777
Other income	2(a)	2,479	4,323	1,287	393
		57,131	**59,699**	**60,064**	**98,170**
Gain on disposal of held-for-sale financial asset before tax	10(a)	–	19,844	–	–
Employee benefit expense	2(b)	(25,471)	(26,044)	(24,870)	(25,059)
Depreciation and amortisation expense	8(c)	(1,023)	(1,035)	(908)	(857)
Occupancy expenses		(3,602)	(2,969)	(1,212)	(936)
Insurance expenses		(1,526)	(1,296)	(1,516)	(1,274)
Consultancy expenses		(1,035)	(1,221)	(998)	(1,179)
Operating lease rental expense		(543)	(578)	(414)	(448)
Repairs and maintenance of computer equipment		(668)	(801)	(648)	(745)
Marketing expenses		(596)	(617)	(595)	(611)
Auditor's remuneration	23	(545)	(603)	(536)	(541)
Client claims		(1,168)	(105)	(1,168)	(105)
Claim recoveries		1,922	695	–	550
Profit on sale of available-for-sale investments		4,032	126	–	24
Net loss on financial instruments	2(c)	(1)	(8,804)	–	–
Business transformation expenses	2(d)	(5,059)	(3,187)	(5,059)	(3,187)
Merger discussion expenses		–	(410)	–	(410)
Provision for Townsville fraud costs		(2,011)	(1,000)	(2,011)	(1,000)
Foreign exchange (loss)/gain		(209)	277	(4)	–
Other expenses		(3,556)	(2,840)	(2,888)	(2,487)
Profit before income tax expense		**16,072**	**29,131**	**17,237**	**59,905**
Income tax expense	3(a)	(5,161)	(8,527)	(4,912)	(18,222)
Profit attributable to members of the parent entity		**10,911**	**20,604**	**12,325**	**41,683**

Earnings per share			
Basic (cents per share)	20	33.8	63.8
Diluted (cents per share)	20	33.6	63.8

The accompanying notes on pages 44 to 81 form part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

		Consolidated		Parent Entity	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Profit attributable to members of the parent entity		10,911	20,604	12,325	41,683
Other comprehensive income					
Loss on property revaluation		(734)	(252)	(734)	(252)
Available-for-sale financial assets		102	(8,536)	–	(68)
Other comprehensive income for the year (net of tax)		**(632)**	**(8,788)**	**(734)**	**(320)**
Total comprehensive income attributable to members of the parent entity		**10,279**	**11,816**	**11,591**	**41,363**

The accompanying notes on pages 44 to 81 form part of the financial statements.

BALANCE SHEET

AS AT 28 FEBRUARY 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Current assets					
Cash and cash equivalents	29(d)	39,471	17,521	6,430	6,314
Trade and other receivables	6(a)	17,801	24,261	13,937	18,457
Other current financial assets	7	–	1	–	–
Total current assets		**57,272**	**41,783**	**20,367**	**24,771**
Non-current assets					
Trade and other receivables	6(b)	210	1,253	–	–
Other non-current financial assets	7	20,443	36,256	110,321	106,122
Property, plant and equipment	8	6,768	8,352	6,675	8,147
Goodwill	11	39,218	39,218	–	–
Intangible assets	12	111	181	111	181
Deferred tax assets	13	3,240	3,640	2,228	1,282
Total non-current assets		**69,990**	**88,900**	**119,335**	**115,732**
Total assets		**127,262**	**130,683**	**139,702**	**140,503**
Current liabilities					
Trade and other payables	14(a)	4,843	3,837	17,995	15,553
Current tax liabilities	17	387	5,854	387	5,854
Provisions	15(a)	6,155	3,653	6,115	3,603
Total current liabilities		**11,385**	**13,344**	**24,497**	**25,010**
Non-current liabilities					
Trade and other payables	14(b)	–	95	–	–
Provisions	15(b)	3,012	3,141	2,353	2,715
Total non-current liabilities		**3,012**	**3,236**	**2,353**	**2,715**
Total liabilities		**14,397**	**16,580**	**26,850**	**27,725**
Net assets		**112,865**	**114,103**	**112,852**	**112,778**
Equity					
Issued capital	19	102,491	102,448	102,491	102,448
Investment revaluation reserve		317	215	–	–
Share-based payments reserve		1,938	812	1,938	812
Asset revaluation reserve		655	1,389	655	1,389
Retained earnings		7,464	9,239	7,768	8,129
Total equity		**112,865**	**114,103**	**112,852**	**112,778**
Net tangible asset per share ($)		2.27	2.31		

The accompanying notes on pages 44 to 81 form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

		Consolidated					
	Note	Issued capital $'000	Investment revaluation reserve $'000	Share-based payments reserve $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 March 2008		**102,247**	**8,751**	**881**	**1,641**	**37,178**	**150,698**
(Loss) on property revaluation	8	–	–	–	(360)	–	(360)
Deferred tax asset on revaluation of property	3(c)	–	–	–	108	–	108
Unrealised (loss) on investments		–	(12,372)	–	–	–	(12,372)
Deferred tax asset on revaluation of investments	3(c)	–	3,990	–	–	–	3,990
Realised (gain) on investments sold during the year		–	(126)	–	–	–	(126)
Tax (benefit) on realised gains on investments sold		–	(28)	–	–	–	(28)
Profit attributable to members of the parent entity		–	–	–	–	20,604	20,604
Total comprehensive income for the year		**–**	**(8,536)**	**–**	**(252)**	**20,604**	**11,816**
Treasury shares allocated	19	166	–	(113)	–	–	53
Recognition of share-based payments		–	–	44	–	–	44
Issue of shares under dividend reinvestment plan		277	–	–	–	–	277
Payment for purchase of shares for dividend reinvestment plan		(242)	–	–	–	–	(242)
Dividends paid in the financial year	4	–	–	–	–	(48,543)	(48,543)
Balance at 28 February 2009		**102,448**	**215**	**812**	**1,389**	**9,239**	**114,103**
Balance at 1 March 2009		**102,448**	**215**	**812**	**1,389**	**9,239**	**114,103**
(Loss) on property revaluation	8	–	–	–	(1,049)	–	(1,049)
Deferred tax asset on revaluation of property	3(c)	–	–	–	315	–	315
Unrealised gain on investments		–	454	–	–	–	454
Deferred tax liability on revaluation of investments	3(c)	–	(137)	–	–	–	(137)
Realised (gain) on investments sold during the year		–	(215)	–	–	–	(215)
Profit attributable to members of the parent entity		–	–	–	–	10,911	10,911
Total comprehensive income for the year		**–**	**102**	**–**	**(734)**	**10,911**	**10,279**
Treasury shares allocated	19	43	–	(43)	–	–	–
Recognition of share-based payments		–	–	1,169	–	–	1,169
Dividends paid in the financial year	4	–	–	–	–	(12,686)	(12,686)
Balance at 28 February 2010		**102,491**	**317**	**1,938**	**655**	**7,464**	**112,865**

The investment revaluation reserve arises on the revaluation of available-for-sale investments. Where a revalued investment is sold, that portion of the investment revaluation reserve which relates to that investment is effectively realised and is included in the Income Statement for the period.

The share-based payments reserve arises on the grant of share-based incentives to executives and selected staff under the Long Term Incentive and Short Term Incentive plans. Amounts are transferred out of the reserve and into issued capital when the shares are allocated. Further information is contained in Note 25 to the financial statements.

The asset revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The accompanying notes on pages 44 to 81 form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

		Parent Entity					
	Note	Issued capital $'000	Investment revaluation reserve $'000	Share-based payments reserve $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 March 2008		**102,247**	**68**	**881**	**1,641**	**14,989**	**119,826**
(Loss) on property revaluation	8	–	–	–	(360)	–	(360)
Deferred tax asset on revaluation of property	3(c)	–	–	–	108	–	108
Unrealised (loss) on investments		–	(69)	–	–	–	(69)
Deferred tax asset on revaluation of investments	3(c)	–	21	–	–	–	21
Realised (gain) on investments sold during the year		–	(24)	–	–	–	(24)
Tax expense on realised gains on investments sold		–	4	–	–	–	4
Profit attributable to members of the parent entity		–	–	–	–	41,683	41,683
Total comprehensive income for the year		**–**	**(68)**	**–**	**(252)**	**41,683**	**41,363**
Treasury shares allocated	19	166	–	(113)	–	–	53
Recognition of share-based payments		–	–	44	–	–	44
Issue of shares under dividend reinvestment plan		277	–	–	–	–	277
Payment for purchase of shares for dividend reinvestment plan		(242)	–	–	–	–	(242)
Dividends paid in the financial year	4	–	–	–	–	(48,543)	(48,543)
Balance at 28 February 2009		**102,448**	**–**	**812**	**1,389**	**8,129**	**112,778**
Balance at 1 March 2009		**102,448**	**–**	**812**	**1,389**	**8,129**	**112,778**
(Loss) on property revaluation	8	–	–	–	(1,049)	–	(1,049)
Deferred tax asset on revaluation of property	3(c)	–	–	–	315	–	315
Unrealised (loss) on investments		–	–	–	–	–	–
Deferred tax asset on revaluation of investments	3(c)	–	–	–	–	–	–
Realised (gain) on investments sold during the year		–	–	–	–	–	–
Tax expense on realised gains on investments sold		–	–	–	–	–	–
Profit attributable to members of the parent entity		–	–	–	–	12,325	12,325
Total comprehensive income for the year		**–**	**–**	**–**	**(734)**	**12,325**	**11,591**
Treasury shares allocated	19	43	–	(43)	–	–	–
Recognition of share-based payments		–	–	1,169	–	–	1,169
Dividends paid in the financial year	4	–	–	–	–	(12,686)	(12,686)
Balance at 28 February 2010		**102,491**	**–**	**1,938**	**655**	**7,768**	**112,852**

The accompanying notes on pages 44 to 81 form part of the financial statements.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Cash flows from operating activities					
Receipts from customers		63,958	63,140	64,974	111,327
Payments to suppliers and employees		(44,461)	(42,335)	(41,424)	(42,923)
IT related transformation expenses paid		(605)	(1,292)	(605)	(1,292)
Redundancy expenses paid		(1,190)	(758)	(1,190)	(758)
Other transformation expenses paid		(1,859)	–	(1,859)	–
Merger discussion expenses paid		–	(410)	–	(410)
Townsville fraud – cash received/(paid)		3,943	(8,315)	3,943	(8,315)
Claim recoveries received		2,315	145	2,315	–
Income tax paid		(10,040)	(8,500)	(10,040)	(8,500)
Net cash provided by operating activities	29(a)	**12,061**	**1,675**	**16,114**	**49,129**
Cash flows from investing activities					
Net proceeds from disposal of held-for-sale financial asset	29(b)	–	38,764	–	–
Dividend received from investment in held-for-sale financial asset		–	2,722	–	–
Capital contribution made to held-for-sale financial asset		–	(671)	–	–
Payments on settlement of swaps and options		(1)	(1,959)	–	–
Payments on purchase of investments		–	(4,063)	(4,199)	–
Proceeds from sale of investments		20,086	2,333	–	133
Payments for property, plant and equipment		(418)	(703)	(415)	(704)
Dividends received		2,039	2,534	1,016	–
Interest received		869	1,790	286	412
Net cash provided by/(used in) investing activities		**22,575**	**40,747**	**(3,312)**	**(159)**
Cash flows from financing activities					
Dividends paid – members of the parent entity					
Ordinary dividends	4	(12,686)	(15,939)	(12,686)	(15,939)
Special dividend	4	–	(32,362)	–	(32,362)
Payment for purchase of shares for dividend reinvestment plan	4	–	(242)	–	(242)
Net cash used in financing activities		**(12,686)**	**(48,543)**	**(12,686)**	**(48,543)**
Net increase/(decrease) in cash and cash equivalents		**21,950**	**(6,121)**	**116**	**427**
Cash and cash equivalents at the beginning of the financial year		**17,521**	**23,642**	**6,314**	**5,887**
Cash and cash equivalents at the end of the financial year	29(d)	**39,471**	**17,521**	**6,430**	**6,314**

The accompanying notes on pages 44 to 81 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
The financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of Trust Company Limited (Trust' or 'the Company' or 'Parent Entity') and the entities it controlled during the financial year (the 'Trust Group' or 'Consolidated').

Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with the A-IFRS ensures that the financial report complies with International Financial Reporting Standards (IFRS).

The financial report was authorised for issue by the Directors on 28 April 2010.

Trust is a public company listed on the Australian Securities Exchange (code: TRU), incorporated in Australia and operating in Australia and Singapore.

The registered office of Trust is: Level 3, 530 Collins Street, Melbourne, VIC 3000.

Basis of preparation
The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value 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:

(i) Principles of consolidation
The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Trust Group as defined in accounting standard AASB 127 'Consolidated and Separate 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. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which Trust obtains control and until such time as Trust ceases to control such entity.

In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the Trust Group are eliminated in full.

(ii) Jointly controlled entities
Subsequent to initial recognition, interests in jointly controlled entities are accounted for under the equity method in the consolidated financial statements.

(iii) Foreign currency
The functional currency of all of Trust's controlled entities is the Australian dollar. The presentation currency for the financial report is also the Australian dollar.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Income Statement in the period in which they arise.

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

(v) Revenue recognition
Fee and commission income
Fee and commission income is recognised when the Trust Group has performed the related service.

Where the Trust Group acts as a responsible entity, it does not recognise revenue where it is collected on behalf of third party service providers as the commercial risks and benefits associated with those services are borne by those third parties.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Revenue recognition (cont'd)

Other income

Rental income is recognised on an accruals basis in the Income Statement. Dividend income is recognised on a receivable basis on the date when the Trust Group's right to receive payment is established. Interest income is recognised on an accruals 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 carrying amount.

(vi) Share-based payments

Trust has a long term incentive plan (share-based) and short term incentive plan (share and cash-based) for key staff. The cost of administering both schemes is expensed as incurred.

Share-based payments granted are measured at fair value at the date of grant. The fair value of the 2007 to 2010 long term incentive plans have been derived by analysing the payments against Directors' best estimates for the effects of market movements. The 2008 to 2011 and 2009 to 2012 long term incentive plans were valued externally.

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 consolidated entity's estimate of shares that will eventually vest.

For cash settled share-based payments a liability equal to the current fair value determined at each reporting date is recognised.

Shares purchased on market by CPU Share Plans Pty Ltd (formerly Trust Company Share Plan Pty Limited) to satisfy these obligations are accounted for by Trust as Treasury Shares within equity.

(vii) Income tax

Current tax

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

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

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 the deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if temporary differences giving rise to them, arise from an 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 arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity 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 those 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 tax rates that are expected to apply to the period 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 the reporting date. The measurement of deferred liabilities and assets reflects the tax consequences that would follow in a manner in which the consolidated entity 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/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except where 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

Trust and all of its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Trust 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(vii) Income tax (cont'd)
Tax consolidation (cont'd)
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 Trust 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.

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 agreement.

(viii) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and cash on 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.

(ix) Financial assets
Investments are recognised and derecognised on trade date where 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. Investments are initially measured at fair value net of transaction costs, except for those financial assets classified as fair value through the Income Statement, which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Trade receivables
Trade receivables, represented by fee income accrued, are contractually due under the terms of the relevant contract or trust deed; provision is made for any debts considered doubtful.

Loans and other receivables
Loans and other receivables are recorded at amortised cost.

Available-for-sale financial assets
Shares in listed companies are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 30(i) and Note 1(xxi). Gains and losses arising from changes in fair value are recognised directly in the investment revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the investment revaluation reserve is included in the Income Statement.

Derivative financial instruments
Swaps and options may be entered into to manage exposure to the share market. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting 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 are significantly reduced.

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 the Income Statement.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Income Statement to the extent the carrying amount of the investments 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 securities, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ix) Financial assets (cont'd)

Derecognition of financial assets

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

(x) Property, plant and equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of an annual valuation prepared by the Directors and every three years by external valuation experts, unless the Directors determine a more frequent external valuation is required. The valuation is based on discounted cash flows or capitalisation of net income. The fair values are recognised in the financial statements of the consolidated entity and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increases arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the Income Statement, in which case the increase is credited to the Income Statement to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense in the Income Statement to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged as an expense to the Income Statement. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any deferred taxes is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and motor vehicles are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of an item.

Depreciation is provided on property, plant and equipment including freehold buildings but excluding land. 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.

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

• Motor vehicles	8 years
• Buildings	40 years
• Leasehold improvements	3 to 10 years
• Plant and equipment	2.5 to 13.3 years

(xi) 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 and sub lease rental income are recognised as an expense/income 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 incentive

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.

(xii) 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 CGUs (or groups of CGUs) is less than the carrying amount of the CGUs (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to CGUs (or groups of CGUs) and then to the other assets of the CGUs (or groups of CGUs) pro-rata on the basis of the carrying amount of each asset in the CGUs (or groups of CGUs), an impairment loss recognised for goodwill is recognised immediately in the Income Statement.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiii) Intangible assets
Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their useful lives of 5 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

(xiv) Impairment of other tangible and intangible assets
At each reporting date, the consolidated entity reviews the carrying amount 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 amount (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of each CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs 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 wherever 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount and an impairment loss is recognised in the Income Statement immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) 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 (CGU) in prior years. A reversal of an impairment loss is recognised in the Income Statement immediately.

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

(xvi) Employee benefits
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made 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.

Provisions made 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 in respect of services provided by employees up to the reporting date.

(xvii) Provisions
Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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 cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Provision for redundancies and transition costs
A provision for redundancies and transition costs is recognised when the Trust Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of the provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(xviii) Financial liabilities at fair value through profit or loss
Financial liabilities are initially measured at fair value, net of transaction costs.

Financial liabilities are stated at fair value, with any resultant gain or loss recognised in the Income Statement. Fair value is determined in the manner described in Note 30(i).

(xix) Equity instruments
Equity instruments are classified as equity in accordance with the substance of the contractual arrangement. Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Dividends are classified as distributions of profits consistent with the balance sheet classification of the related equity instruments.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xx) Adoption of new and revised Accounting Standards
In the current year, the Trust Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (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 have resulted in changes to the presentation of the financial statements. As a consequence of the adoption of AASB 101 'Presentation of Financial Statements (2007)' and its associated amending standards, the Group has added a Statement of Comprehensive Income.

At the date of authorisation of the financial report, the following relevant Standards and Interpretations were in issue but not yet effective:

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

- AASB 3 'Business Combinations'. Effective for annual reporting periods beginning on or after 1 July 2009.
- AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'. Effective for annual reporting periods beginning on or after 1 July 2009.
- AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'. Effective for annual reporting periods beginning on or after 1 January 2010.
- AASB 2009-7 'Amendments to Australian Accounting Standards'. Effective for annual reporting periods beginning on or after 1 July 2009.
- AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions'. Effective for annual reporting periods beginning on or after 1 January 2010.
- AASB 9 'Financial Instruments'. Effective for annual reporting periods beginning on or after 1 January 2013.

These Standards 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.

(xxi) Critical accounting estimates and judgements
The preparation of this financial report required the use of certain critical accounting estimates and exercises judgement in the process of applying the accounting policies. The estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectation of future events. The Directors believe the estimates and judgements are reasonable. Actual results in the future may differ from those reported.

The key accounting estimates and judgements used in the preparation of the financial report are as follows:

Goodwill
At each reporting date, goodwill is assessed for impairment. The model used to assess whether an impairment exists includes growth assumptions which may differ from future actual performance. Refer to Note 11.

Valuation of available-for-sale assets
Where possible, the fair value of available-for-sale assets is determined by observable transactions in an active market. If an active market does not exist a discounted cash flow valuation (DCF) model can be used.

A DCF model has been used to determine the fair value of the Company's 14.7% holding in Equity Trustees Limited (EQT) as the Directors assessed that as at 28 February 2010 there was not an active market in EQT shares. This is evidenced by a relatively stable share register and low and declining volume of shares traded. The fair value price per share of this available-for-sale asset as at 28 February 2010 is $16.93 (2009: $16.55). The Company has estimated future cash flows for EQT, discounted using a weighted average cost of capital (WACC) of 11.66% p.a. Key elements of the WACC are a risk free rate of 5.66% p.a.; equity risk premium of 6.0% p.a.; and an equity beta of 1.0. If the WACC increased/decreased by 1%, the fair value price per share of EQT would decrease/increase by $0.19.

Townsville fraud
Refer to Note 22(b).

Trustee risk
Part of the business of Trust Group is its trustee and custodian business. This includes custodial services, acting as trustee for debenture and convertible note issues, acting as trustee or responsible entity of unit trusts and managed investment schemes and acting as a trustee for retail superannuation funds. There are particular risks that apply to such business. In particular, as a trustee, responsible entity or custodian, Trust Group may generally be liable in its personal capacity (i.e. without a right of indemnity from the assets of the trust for which it is the trustee) for losses or damages caused as a result of negligence, fraud or breach of duty by Trust Group or its officers. Further, as a trustee, responsible entity or custodian, the reputation of Trust Group may be impacted adversely by the actions of its clients notwithstanding it has acted in good faith.

2. PROFIT BEFORE INCOME TAX EXPENSE

		Consolidated		Parent Entity	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Profit before income tax expense includes the following items of revenue and expense:					
(a) Revenue					
Fee and commission income from trust and other fiduciary activities		54,652	55,376	40,577	35,327
Management fees from wholly-owned controlled entities		–	–	18,200	62,450
Dividends from wholly-owned controlled entities		–	–	1,001	–
Dividends from non-related listed companies		1,562	2,617	–	–
Interest income from bank deposits		917	1,698	286	393
Managed funds and trust distributions		–	8	–	–
Total revenue		**57,131**	**59,699**	**60,064**	**98,170**
(b) Employee benefit expense					
Employee benefit expense includes:					
Salaries and wages		16,831	18,083	16,303	17,215
Defined contribution superannuation plan expense		2,475	2,817	2,473	2,817
Equity settled share-based expense		1,169	44	1,169	44
Other employee benefits (includes payroll tax and annual leave)		4,996	5,100	4,925	4,983
		25,471	**26,044**	**24,870**	**25,059**
(c) Net loss on financial instruments					
Fair value through profit or loss financial instruments:					
Loss on trading options		(1)	(15)	–	–
Loss on swaps		–	(957)	–	–
Impairment loss on available-for-sale assets – fair value assessed at market value		–	(5,226)	–	–
Impairment loss on available-for-sale assets – fair value assessed using discounted cash flow valuation model		–	(2,606)	–	–
		(1)	**(8,804)**	**–**	**–**
(d) Business transformation expenses					
IT related transformation expenses		(605)	(1,292)	(605)	(1,292)
Strategic review		(1,853)	–	(1,853)	–
Legacy issues		(2,133)	–	(2,133)	–
Redundancies		(468)	(1,895)	(468)	(1,895)
		(5,059)	**(3,187)**	**(5,059)**	**(3,187)**
(e) Significant items before tax					
Gain on disposal of held-for-sale financial asset		–	19,844	–	–
Claim recoveries		1,922	695	–	550
Profit on sale of available-for-sale investments		4,032	126	–	24
Net (loss) on financial instruments	2(c)	(1)	(8,804)	–	–
Business transformation expenses	2(d)	(5,059)	(3,187)	(5,059)	(3,187)
Merger discussion expenses		–	(410)	–	(410)
Provision for Townsville fraud	16(b)	(2,011)	(1,000)	(2,011)	(1,000)
		(1,117)	**7,264**	**(7,070)**	**(4,023)**

3. INCOME TAX EXPENSE

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
(a) Income tax expense comprises:				
Current tax expense	4,538	11,390	5,507	19,306
Under provision of income tax in previous year – current tax	44	170	36	160
Under provision of income tax in previous year – deferred tax	58	–	17	–
Movement in deferred tax balance recognised directly in the Income Statement	521	(3,033)	(648)	(1,244)
Total income tax expense	**5,161**	**8,527**	**4,912**	**18,222**
(b) The prima facie income tax expense on pre-tax profit is reconciled with the income tax expense shown in the financial statements as follows:				
Profit before income tax expense	**16,072**	**29,131**	**17,237**	**59,905**
Income tax expense @ 30%	4,822	8,739	5,171	17,971
Non-allowable expenses	699	373	30	91
Franked dividends	(462)	(755)	–	–
Non-assessable income	–	–	(342)	–
Under provision of income tax in previous year	102	170	53	160
Total income tax expense	**5,161**	**8,527**	**4,912**	**18,222**

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		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
(c) Income tax recognised directly in equity				
The following current and deferred income tax assets were credited or charged directly to equity during the year:				
Investment revaluation reserve	(137)	3,990	–	21
Property revaluations	315	108	315	108
	178	**4,098**	**315**	**129**

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

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

3. INCOME TAX EXPENSE (CONT'D)

(d) Deferred tax balances

	Consolidated			
	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing balance $'000
2010				
Deferred tax assets				
Provisions	1,589	800	–	2,389
Doubtful debts and impairment losses	2,396	(1,535)	–	861
Property, plant and equipment	269	(269)	–	–
Other	817	(175)	–	642
Deferred tax (liabilities)				
Property, plant and equipment	(1,112)	284	315	(513)
Available-for-sale financial assets	9	(9)	(137)	(137)
Other	(328)	326	–	(2)
	3,640	**(578)**	**178**	**3,240**
2009				
Deferred tax assets				
Provisions	1,235	354	–	1,589
Doubtful debts and impairment losses	28	2,368	–	2,396
Property, plant and equipment	269	–	–	269
Other	653	164	–	817
Deferred tax (liabilities)				
Property, plant and equipment	(1,226)	6	108	(1,112)
Available-for-sale financial assets	(3,951)	(30)	3,990	9
Non-current assets held for sale	(167)	167	–	–
Other	(332)	4	–	(328)
	(3,491)	**3,033**	**4,098**	**3,640**

3. INCOME TAX EXPENSE (CONT'D)

(d) Deferred tax balances (cont'd)

	Parent Entity			
	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing balance $'000
2010				
Deferred tax assets				
Provisions	1,462	730	–	2,192
Doubtful debts and impairment losses	–	12	–	12
Other	646	(111)	–	535
Deferred tax (liabilities)				
Property, plant and equipment	(826)	–	315	(511)
	1,282	**631**	**315**	**2,228**
2009				
Deferred tax assets				
Provisions	1,113	349	–	1,462
Doubtful debts and impairment losses	3	(3)	–	–
Other	84	562	–	646
Deferred tax (liabilities)				
Property, plant and equipment	(934)	–	108	(826)
Available-for-sale financial assets	(33)	12	21	–
Other	(324)	324	–	–
	(91)	**1,244**	**129**	**1,282**

4. DIVIDENDS

	2010		2009	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend paid on 20 May 2009 (prior year 26 May 2008) Fully franked at 30% (prior year fully franked at 30%)	22	7,120	30	9,709
Special final dividend (prior year 11 July 2008) Special final dividend (prior year 70% franked at 30%)	–	–	100	32,362
Interim dividend paid on 12 November 2009 (prior year 28 November 2008) Fully franked at 30% (prior year fully franked at 30%)	17.2	5,566	20	6,472
Total dividends paid in the financial year	**39.2**	**12,686**	**150**	**48,543**
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend: Fully franked at 30% (prior year 30%)	**16.5**	**5,340**	22	7,120

5. FRANKING ACCOUNT

	Parent Entity	
	2010 $'000	2009 $'000
Franking account balance at the end of the financial year	5,749	293
Franking credits that will arise from the payment of income tax payable as at reporting date	387	5,854
Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date	256	448
Adjusted franking account balance	6,392	6,595
Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(2,288)	(3,051)
Franking account balance post payment of final dividend	**4,104**	**3,544**
Grossed up dividend that can be paid	**9,576**	**8,269**

Trust is a member of a tax consolidated group for income tax purposes effective 1 March 2003. Trust is also the head entity within the tax consolidated group and under this regime, the franking credits of all member entities are passed up to Trust.

6. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
(a) Current				
Trade receivables (i)	13,776	13,891	8,975	7,954
Allowance for doubtful debts (ii)	(261)	(16)	(41)	(139)
	13,515	13,875	8,934	7,815
Accrued GST receivable	813	865	686	709
Amounts receivable from controlled entities	–	–	441	543
Receivable relating to Townsville fraud	3,292	8,281	3,292	8,281
Other receivables and prepayments	181	1,240	584	1,109
Total current receivables	**17,801**	**24,261**	**13,937**	**18,457**

(i) The average credit period on provision of services is 30 days. No interest is charged on trade receivables.

Included in the Trust Group's trade receivable balance are debtors with a carrying amount of $1,146,361 (2009: $984,918) which are past due date at the reporting date for which the Trust Group has not provided an allowance for doubtful debts as there has not been a significant change in credit quality of the debtors and the Trust Group believes that the amounts are still considered recoverable. The Trust Group does not hold any collateral over these balances. The average age of these receivables is 99 days (2009: 92 days). There has been no deterioration of the credit quality of receivables not past due or not impaired.

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
(ii) Movement in allowance for doubtful debts				
Balance at the beginning of the year	16	92	139	10
Amounts written off during the year	–	(24)	–	–
Amounts recovered during the year	–	(58)	–	–
Increase/(decrease) in allowance recognised in the Income Statement	245	6	(98)	129
Balance at end of financial year	**261**	**16**	**41**	**139**

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

6. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Non-current

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Trade receivables (iii)	–	948	–	–
Other receivables and prepayments	210	305	–	–
Total non-current receivables	**210**	**1,253**	**–**	**–**

(iii) Estates and Trusts capital commission accrued which are receivable more than one year after balance date.

7. OTHER FINANCIAL ASSETS

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
(a) Financial assets carried at fair value through profit or loss				
Current – options at fair value	–	1	–	–
	–	**1**	**–**	**–**
(b) Investments carried at cost				
Non-current – shares in subsidiaries	–	–	110,221	106,022
	–	**–**	**110,221**	**106,022**
(c) Held to maturity investments				
Non-current – bank deposits and government inscribed stock held pursuant to a statutory requirement	200	200	100	100
	200	**200**	**100**	**100**

Deposits with the Queensland Treasury Corporation held in accordance with the Trustee Companies Act 1968 (Qld). The carrying value is equal to the amount held with Queensland Treasury Corporation.

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
(d) Available-for-sale investments carried at fair value				
Non-current – shares in non-related corporations at fair value	20,243	36,056	–	–
	20,243	**36,056**	**–**	**–**

Includes Trust Group's holding in Equity Trustees Limited, the fair value of which has been determined using a discounted cash flow valuation model. Refer to Note 1 (xxi).

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Total other financial assets	**20,443**	**36,257**	**110,321**	**106,122**
Disclosed in the financial statements as:				
Other current financial assets	–	1	–	–
Other non-current financial assets	20,443	36,256	110,321	106,122
	20,443	**36,257**	**110,321**	**106,122**

7. OTHER FINANCIAL ASSETS (CONT'D)

(e) Fair value disclosure by fair value hierarchy level

2010	28-Feb-10 $'000	Fair value measurement at end of the reporting period using: Level 1* $'000	Level 2* $'000	Level 3* $'000
Held to maturity investments				
Bank deposits and government inscribed stock held pursuant to a statutory requirement	200	200	–	–
Available-for-sale investments carried at fair value				
Shares in non-related corporations at fair value	20,243	–	–	20,243
Total	**20,443**	**200**	**–**	**20,243**

* Level 1 – Fair value based on quoted prices in active markets.

* Level 2 – Fair value based on inputs other than quoted prices.

* Level 3 – Fair value not based on observable market data.

Level 3 represents the Group's holding in Equity Trustees Limited. In the current reporting period, the fair value of $16.93 per share has been determined using a discounted cash flow valuation model. The market price of these shares listed on the Australian Securities Exchange as at 28 February 2010 was $18.70 per share. Refer Note 1 (xxi) for further details on the discounted cash flow valuation.

Level 3 financial assets	28-Feb-10 $'000
Balance at beginning of financial year	19,789
Change in fair value of investment	454
Balance at end of financial year	**20,243**

8. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of property, plant and equipment

	Consolidated					
	Freehold land at fair value $'000	Building at fair value $'000	Motor vehicles at cost $'000	Leasehold improvement at cost $'000	Plant and equipment at cost $'000	Total $'000
2010						
Gross carrying amount						
Balance at 1 March 2009	2,760	1,339	117	4,759	18,516	27,491
Additions	–	–	–	–	418	418
Transfer of accumulated depreciation on revaluation (i)	–	(90)	–	–	–	(90)
Revaluations (i)	(1,049)	–	–	–	–	(1,049)
Disposals	–	–	–	–	(2)	(2)
Balance at 28 February 2010	**1,711**	**1,249**	**117**	**4,759**	**18,932**	**26,768**
Accumulated depreciation						
Balance at 1 March 2009	–	(2)	(22)	(2,285)	(16,830)	(19,139)
Transfer of accumulated depreciation on revaluation (i)	–	90	–	–	–	90
Disposals	–	–	–	–	2	2
Depreciation expense	–	(88)	(15)	(344)	(506)	(953)
Balance at 28 February 2010	**–**	**–**	**(37)**	**(2,629)**	**(17,334)**	**(20,000)**
Net book value						
As at 1 March 2009	2,760	1,337	95	2,474	1,686	8,352
As at 28 February 2010	**1,711**	**1,249**	**80**	**2,130**	**1,598**	**6,768**
2009						
Gross carrying amount						
Balance at 1 March 2008	3,252	1,307	117	4,759	17,825	27,260
Additions	–	–	–	–	703	703
Transfer of accumulated depreciation on revaluation	–	(100)	–	–	–	(100)
Revaluations	(492)	132	–	–	–	(360)
Disposals	–	–	–	–	(12)	(12)
Balance at 28 February 2009	**2,760**	**1,339**	**117**	**4,759**	**18,516**	**27,491**
Accumulated depreciation						
Balance at 1 March 2008	–	(4)	(7)	(1,955)	(16,311)	(18,277)
Transfer of accumulated depreciation on revaluation	–	100	–	–	–	100
Disposals	–	–	–	–	2	2
Depreciation expense	–	(98)	(15)	(330)	(521)	(964)
Balance at 28 February 2009	**–**	**(2)**	**(22)**	**(2,285)**	**(16,830)**	**(19,139)**
Net book value						
As at 1 March 2008	3,252	1,303	110	2,804	1,514	8,983
As at 28 February 2009	**2,760**	**1,337**	**95**	**2,474**	**1,686**	**8,352**

(i) An independent external evaluation for the Brisbane freehold land and building was undertaken by LPC Australia at 24 December 2009. The valuation was done on the basis of capitalisation of net operating income and checked by comparison to market activity.

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Reconciliation of property, plant and equipment (cont'd)

	Parent Entity					
	Freehold land at fair value $'000	Building at fair value $'000	Motor vehicles at cost $'000	Leasehold improvement at cost $'000	Plant and equipment at cost $'000	Total $'000
2010						
Gross carrying amount						
Balance at 1 March 2009	2,760	1,339	117	3,025	6,923	14,164
Additions	–	–	–	–	415	415
Transfer of accumulated depreciation on revaluation (i)	–	(90)	–	–	–	(90)
Revaluations (i)	(1,049)	–	–	–	–	(1,049)
Disposals	–	–	–	–	(2)	(2)
Balance at 28 February 2010	**1,711**	**1,249**	**117**	**3,025**	**7,336**	**13,438**
Accumulated depreciation						
Balance at 1 March 2009	–	(2)	(22)	(599)	(5,394)	(6,017)
Transfer of accumulated depreciation on revaluation (i)	–	90	–	–	–	90
Disposals	–	–	–	–	2	2
Depreciation expense	–	(88)	(15)	(304)	(431)	(838)
Balance at 28 February 2010	**–**	**–**	**(37)**	**(903)**	**(5,823)**	**(6,763)**
Net book value						
As at 1 March 2009	2,760	1,337	95	2,426	1,529	8,147
As at 28 February 2010	**1,711**	**1,249**	**80**	**2,122**	**1,513**	**6,675**
2009						
Gross carrying amount						
Balance at 1 March 2008	3,252	1,307	117	3,025	6,232	13,933
Additions	–	–	–	–	703	703
Transfer of accumulated depreciation on revaluation	–	(100)	–	–	–	(100)
Revaluations	(492)	132	–	–	–	(360)
Disposals	–	–	–	–	(12)	(12)
Balance at 28 February 2009	**2,760**	**1,339**	**117**	**3,025**	**6,923**	**14,164**
Accumulated depreciation						
Balance at 1 March 2008	–	(4)	(7)	(296)	(5,027)	(5,334)
Transfer of accumulated depreciation on revaluation	–	100	–	–	–	100
Disposals	–	–	–	–	3	3
Depreciation expense	–	(98)	(15)	(303)	(370)	(786)
Balance at 28 February 2009	**–**	**(2)**	**(22)**	**(599)**	**(5,394)**	**(6,017)**
Net book value						
As at 1 March 2008	3,252	1,303	110	2,729	1,205	8,599
As at 28 February 2009	**2,760**	**1,337**	**95**	**2,426**	**1,529**	**8,147**

(i) An independent external evaluation for the Brisbane freehold land and building was undertaken by LPC Australia at 24 December 2009. The valuation was done on the basis of capitalisation of net operating income and checked by comparison to market activity.

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The carrying amount, after depreciation, of land and buildings had they been recognised under the historical cost model are as follows:

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Freehold land	1,104	1,104	1,104	1,104
Building	1,185	1,215	1,185	1,215
	2,289	**2,319**	**2,289**	**2,319**

(c) Aggregate depreciation allocated and recognised as an expense during the year is as follows:

Buildings	88	98	88	98
Motor vehicles	15	15	15	15
Leasehold improvement	344	330	304	303
Plant and equipment	506	521	431	370
	953	964	838	786
Amortisation of intangibles (refer to Note 12)	70	71	70	71
	1,023	**1,035**	**908**	**857**

9. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Opening balance	–	20,971	–	–
Dividends received	–	(2,722)	–	–
Capital contribution	–	671	–	–
Disposal (refer to Note 29(b))	–	(18,920)	–	–
Closing balance	**–**	**–**	**–**	**–**

The above information relates to the Group's investment in BNY Trust (Australia) Pty Limited (BNYTA), which was disposed of during the 2009 financial year. Details of the disposal can be found at Note 10.

10. DISPOSAL OF HELD-FOR-SALE FINANCIAL ASSET

On 12 June 2008, the Group disposed of its 50% investment in BNYTA. The net proceeds of the disposal of $38,764,000 were received in cash during the 2009 financial year.

(a) The profit attributable to the investment

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Gain on disposal before income tax	–	19,844	–	–
Income tax expense	–	(5,983)	–	–
Gain on disposal after income tax (Note 10(b))	**–**	**13,861**	**–**	**–**
(b) The gain on disposal				
Total consideration	–	39,227	–	–
Disposal costs	–	(463)	–	–
Net cash proceeds	**–**	**38,764**	**–**	**–**
Carrying value of investment (Note 9)	–	(18,920)	–	–
Gain before income tax expense	**–**	**19,844**	**–**	**–**
Income tax expense	–	(5,983)	–	–
Gain on disposal after income tax expense	**–**	**13,861**	**–**	**–**

11. GOODWILL

Gross carrying amount and net book value

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Balance at beginning of financial year	39,218	39,218	–	–
Balance at end of financial year	**39,218**	**39,218**	**–**	**–**

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to two individual cash-generating units (CGUs).
The carrying amount of goodwill in each of the CGUs are as follows:

Structured Finance	-	5,207	-	-
Property Management and Infrastructure Custody	-	7,254	-	-
Superannuation Compliance	-	2,753	-	-
Trusts and Estates	-	9,749	-	-
Funds Management	-	14,255	-	-
Corporate Services	22,191	–	–	–
Personal Services	17,027	–	–	–
	39,218	**39,218**	**–**	**-**

As a result of a strategic review and an organisational restructure conducted during the financial year, goodwill was reallocated to two CGUs. The reallocation was based on a relative value approach.

The recoverable amount has been determined on a consistent basis (refer to Note 1(xii)) across the CGUs by using their value in use. The following assumptions have been applied across all the CGUs.

- The value in use is estimated by the net present value of future net cash flow projections to be realised from each of the CGUs over the next 5 years plus a terminal value.
- The pre-tax discount rate used is 17.26% (post-tax is 12.08%) (2009: pre-tax 14.80%; post-tax 10.36%) as this would represent the projected weighted average cost of capital.
- Net cash flows are projected for 5 years with average growth rates of 15% p.a. for Corporate Services and 9% p.a. for Personal Services (2009: range of 2% p.a. to 9% p.a.).
- The terminal value is that set of net cash flows beyond that five year period and have been extrapolated using growth rates of 3% p.a. (2009: 3% p.a.).
- Projected cash flows do not include any allowances for future restructuring or enhancements to any assets.

12. INTANGIBLES

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Gross carrying amount				
Balance at beginning of financial year	351	351	351	351
Balance at end of financial year	**351**	**351**	**351**	**351**
Accumulated amortisation				
Balance at beginning of financial year	(170)	(99)	(170)	(99)
Amortisation expense (refer to Note 8)	(70)	(71)	(70)	(71)
Balance at end of financial year	**(240)**	**(170)**	**(240)**	**(170)**
Net book value				
Balance at beginning of financial year	181	252	181	252
Balance at end of financial year	**111**	**181**	**111**	**181**

The intangibles relate to customer contracts purchased. Refer to Note 1(xiii) for the accounting policy. As at 28 February 2010, the remaining amortisation period is 1.6 years.

13. TAX ASSETS

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Non-current				
Deferred tax asset				
Parent entity	2,228	1,282	2,228	1,282
Entities in the tax consolidated group (refer to Note 1(vii) and 3)	1,012	2,358	–	–
Deferred tax asset	**3,240**	**3,640**	**2,228**	**1,282**

14. TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
(a) Current (unsecured)				
Trade payables	2,758	1,385	2,223	1,312
Other payables	767	1,097	394	504
GST payable	1,318	1,355	1,007	1,159
Loans payable to controlled entities	–	–	14,371	12,578
Total current payables	**4,843**	**3,837**	**17,995**	**15,553**

The average credit period on purchases is 30 days. No interest is charged on trade payables.

(b) Non-current (unsecured)				
Other payables	–	95	–	–
Total non-current payables	**–**	**95**	**–**	**-**

15. PROVISIONS

		Consolidated		Parent Entity	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
(a) Current					
Employee benefits	18	2,366	1,945	2,326	1,895
Provision for redundancies and transformation costs	16(a)	2,542	1,137	2,542	1,137
Provision for Townsville fraud	16(b)	447	571	447	571
Provision for claims	16(c)	800	–	800	–
Total current provisions		**6,155**	**3,653**	**6,115**	**3,603**
(b) Non-current					
Employee benefits	18	1,191	1,396	1,191	1,396
Exit of businesses	16(d)	27	18	27	18
Property provision	16(e)	659	426	–	–
Lease incentive		1,135	1,301	1,135	1,301
Total non-current provisions		**3,012**	**3,141**	**2,353**	**2,715**

16. RECONCILIATION OF PROVISIONS (CURRENT AND NON-CURRENT)

Reconciliations for the carrying amount of each class of provision, except for employee benefits and lease incentive, are set out below:

		Consolidated		Parent Entity	
		2010 $'000	2009 $'000	2010 $'000	2009 $'000
(a) Provision for redundancies and transformation costs (current)					
Balance at 1 March 2009		1,137	–	1,137	–
Provision during the year		4,454	1,895	4,454	1,895
Payments made during the year		(3,049)	(758)	(3,049)	(758)
Balance at 28 February 2010		**2,542**	**1,137**	**2,542**	**1,137**

The provision for redundancies and transformation costs represents the cost of redundancies made during the 2010 financial year and the costs of remediating a number of prior period issues in Trust's common funds and businesses that Trust has sold.

(b) Provision for Townsville fraud (current)					
Balance at 1 March 2009		571	–	571	–
Provision during the year	2(e)	2,011	1,000	2,011	1,000
Reclassification to receivables		(182)	–	(182)	–
Payments made during the year		(1,953)	(429)	(1,953)	(429)
Balance at 28 February 2010		**447**	**571**	**447**	**571**

For further details, refer to Note 22(b)

(c) Provision for claims (current)					
Balance at 1 March 2009		–	–	–	–
Provision during the year		1,168	–	1,168	–
Payments made during the year		(368)	–	(368)	–
Balance at 28 February 2010		**800**	**–**	**800**	**–**

The provision for claims represents the estimated cost of claims from Trust's clients.

16. RECONCILIATION OF PROVISIONS (CURRENT AND NON-CURRENT) (CONT'D)

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
(d) Exit of businesses (non-current)				
Balance at 1 March 2009	18	10	18	10
Provision during the year	9	8	9	8
Balance at 28 February 2010	**27**	**18**	**27**	**18**

The provision for exit of businesses represents the estimated costs arising from the exit of the Melbourne leased premises.

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
(e) Property provision (non-current)				
Balance at 1 March 2009	426	406	–	–
Provision during the year	222	–	–	–
Unwinding of discount	11	20	–	–
Balance at 28 February 2010	**659**	**426**	**–**	**–**

The provision for property represents the estimated make good cost arising from cessation of the operating lease in respect of the Group's Sydney premises.

17. TAX LIABILITIES

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Current				
Income tax payable	387	5,854	387	5,854
Total current tax liabilities	**387**	**5,854**	**387**	**5,854**

18. EMPLOYEE BENEFITS

The aggregate employee benefits liability recognised and included in the financial statements is as follows:

		Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Provision for employee benefits:					
Current	15(a)	2,366	1,945	2,326	1,895
Non-current	15(b)	1,191	1,396	1,191	1,396
Total employee benefits		**3,557**	**3,341**	**3,517**	**3,291**
Number of employees at end of financial year		**241**	**229**	**241**	**229**

19. ISSUED CAPITAL

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
32,362,335 fully paid ordinary shares (2009: 32,362,335 shares)	104,184	104,184	104,184	104,184
88,002 treasury shares (2009: 92,466 shares)	(1,693)	(1,736)	(1,693)	(1,736)
Issued capital	**102,491**	**102,448**	**102,491**	**102,448**

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

19. ISSUED CAPITAL (CONT'D)

Movement in issued capital	2010		2009	
	No. of shares ('000)	$'000	No. of shares ('000)	$'000
Ordinary shares at 1 March 2009	32,362	104,184	32,362	104,149
Issue of shares under dividend reinvestment plan (DRP) (i)	–	–	43	277
Share buy-back	–	–	(43)	(242)
Ordinary shares at 28 February 2010	**32,362**	**104,184**	**32,362**	**104,184**
Treasury shares at 1 March 2009	92	1,736	112	1,902
Purchases of shares	–	–	40	241
Sale of shares	–	–	(43)	(239)
Allocation of shares	(4)	(43)	(17)	(168)
Treasury shares at 28 February 2010	**88**	**1,693**	**92**	**1,736**

(i) On 29 August 2008, the Group announced a DRP for all applicable shareholders. The DRP is a means by which shareholders may elect to receive shares instead of cash for dividends declared by Trust in respect of all or part of their holdings of shares.

The Company suspended its DRP effective from 22 April 2009, in accordance with clause 17 of the DRP rules.

20. EARNINGS PER SHARE

	Consolidated		Parent Entity	
	2010 cents per share	2009 cents per share	2010 cents per share	2009 cents per share
Basic earnings per share	33.8	63.8	–	–
Diluted earnings per share	33.6	63.8	–	–

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:

	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Earnings	10,911	20,604	–	–

	2010 No.	2009 No.	2010 No.	2009 No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**32,265,740**	**32,306,149**	**–**	**–**

Diluted earnings per share
The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Earnings	10,911	20,604	–	–

	2010 No.	2009 No.	2010 No.	2009 No.
Weighted average number of ordinary shares	32,265,740	32,306,149	–	–
Weighted average number of ordinary shares deemed to be issued at no consideration in respect of performance rights	250,753	–	–	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**32,516,493**	**32,306,149**	**–**	**–**

21. COMMITMENTS OF EXPENDITURE

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Commitments payable under non-cancellable operating rental leases				
Not later than 1 year	2,456	2,753	891	1,049
Later than 1 year but not later than 5 years	2,626	4,121	2,369	2,299
5 years plus	1,001	1,542	1,001	1,542
Total commitments	**6,083**	**8,416**	**4,261**	**4,890**

Commitments payable relate to the lease of office space (at 35 Clarence Street, Sydney; 530 Collins Street, Melbourne and 55 Market Street, Singapore), data network agreements and plant and equipment leases.

The lease of office space at 35 Clarence Street, Sydney has a lease term of 10 years expiring in May 2011. The lease of office space at 530 Collins Street, Melbourne has a lease term of 10 years expiring in January 2017. The lease of office space at 55 Market Street, Singapore has a lease term of 3 years expiring in May 2010.

22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
(a) Contingent liabilities				
Bank guarantee and performance bonds in favour of the Australian Securities and Investments Commission in relation to AFS licences	1,040	1,040	1,020	1,020
Undertaking supporting the AFS licence requirements for subsidiaries	30,000	30,000	30,000	30,000
Bank guarantee in favour of the ASX Settlement and Transfer Corporation Pty Limited with respect to trading activities	1,000	1,000	1,000	1,000
Bank guarantee in favour of Australian Prudential Regulation Authority in relation to the provision of superannuation services	5,000	5,000	–	–
Total contingent liabilities	**37,040**	**37,040**	**32,020**	**32,020**

The Trust Group, given the nature of its business, can receive claims for alleged breach of trustee duties from time to time. Except to the extent provided in the financial report, there are currently no other material claims requiring the provision for the possibility of such claims in the financial statements and that sufficient professional indemnity insurance cover is held to meet any potential liabilities that may arise.

(b) Townsville fraud

In November 2008, the Company initiated a full review of all client accounts managed by its Townsville office following the discovery of a number of irregularities in that branch office. Independent Forensic Accountants were subsequently appointed to investigate these irregularities on the Company's behalf and were able to determine that a fraud had occurred.

Investigations have revealed that the total capital loss suffered by affected clients was approximately $6.3m and that the fraudulent activities occurred over a number of years. This amount does not include any interest owing to clients. On 2 December 2008, the Company established a restitution fund to enable the Company to make both interim and final payments to affected clients. As at the date of this report, the Company has paid approximately $7.721m to those clients. Additionally, the Company has provided for the legal, external accounting and other associated costs required to investigate and rectify the fraud. Interest calculations are not yet finalised but the total interest owing to clients is expected to range between $2m and $2.6m and such costs have been provided for in the consolidated balance sheet of the Company.

Like all major financial institutions, the Company carries significant insurance for these types of circumstances. The Company is keeping its insurer fully informed of any issues arising from the investigation, and on 2 April 2009, lodged a formal proof of loss claim. The insurer has now accepted indemnity for the claim and made progress payments of $5.1m in June 2009 and $1.2m in August 2009. The Company is in negotiation with its insurer to finalise the claim and this is expected to be completed before 31 August 2010.

22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONT'D)

(c) Contingent assets
Trust Group has an admitted claim against FAI General Insurance Company Limited (in liquidation) of $17.0m. To date, 41.4 cents in the dollar ($7.0m of the admitted $17.0m) has been received in cash in financial years 2007, 2008 and 2010.

The scheme administrator has indicated that the estimate of total percentage payout will be between 45 and 55 cents in the dollar but has not provided guidance as to timing of the payments.

Trust has not recognised any further receivable in the financial statements due to the uncertainty of timing and quantum of amounts to be received.

23. REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2010 $	2009 $	2010 $	2009 $
Total remuneration paid or payable to the auditors, Deloitte Touche Tohmatsu, of the parent entity and its controlled entities is as follows:				
Auditing the financial report	491,525	547,698	482,600	485,700
Taxation	53,630	55,518	53,630	55,518
Total charged to income statement	**545,155**	**603,216**	**536,230**	**541,218**
Audit of Trust Schemes and Funds	568,970	505,898	–	–
Forensic review for Townsville fraud	–	518,685	–	–
Total fees paid	**1,114,125**	**1,627,799**	**536,230**	**541,218**

24. KEY MANAGEMENT PERSONNEL COMPENSATION

Details of the key management personnel remuneration, interests in long term incentive plans, shares, options and loans are included in the Remuneration Report within the Directors' Report. Additional remuneration disclosures are provided in the Remuneration Report within the Directors' Report on pages 20 to 33 and are designated as audited.

The aggregate compensation of the key management personnel of the consolidated entity and the Company is set out below:

	Consolidated		Parent Entity	
	2010 $	2009 $	2010 $	2009 $
Short-term employment benefits	2,104,022	2,143,808	1,346,574	1,266,223
Post employment benefits	180,972	185,666	115,822	112,959
Termination benefits	–	502,273	–	321,455
Share-based payment	543,727	28,212	543,727	28,212
	2,828,721	**2,859,959**	**2,006,123**	**1,728,849**

25. INCENTIVE PLANS

(a) Long Term Incentive Plan
Trust has a Long Term Incentive (LTI) Plan available to key staff. The first LTI Plan commenced in February 2001. Its purpose is to align rewards for key staff with shareholders' interests and to reward performance and improvements to support Board business plans and corporate strategies.

The performance period is three consecutive financial years. The performance hurdles are as follows:

- Total Shareholder Return of Trust compared to the Total Shareholder Return of the comparator group companies, comprising the constituent companies of the S&P/ASX 200 index; and
- completion of three full years of continuous service, commencing on the first day of the performance period and ending on the last day of the performance period.

The table below outlines the performance thresholds of Total Shareholder Return used in the LTI Plan:

Ranking of Trust's TSR against TSR of comparator group	Proportion of Performance Rights vesting
Lower than 55th percentile	Nil
At 55th percentile	10%
Higher than 55th percentile but lower than 75th percentile	Proportion of TSR grant vesting increases in a straight line between 10% and 100%
75th percentile or higher	100%

Performance rights are granted which, subject to vesting, entitle the participant to shares.

The award of performance rights is divided into three equal tranches over a three year period, commencing from the end of the three year performance period. The first tranche of performance rights vests at the end of the three year performance period. The second tranche vests in the following year, and the third tranche vests in the year thereafter.

The participant is not entitled to shares in Trust before the performance rights are vested. This means that a participant cannot use the rights to vote or receive dividends. Once the performance rights are vested, shares in Trust will be transferred to the participant.

Subject to vesting of the performance rights, shares allocated under the LTI Plan carry a seven year trading restriction, commencing from the date performance rights were awarded to the participant.

The People and Remuneration Committee nominate the participants of the LTI Plan to the Board of Directors, who approve the participants. A performance right represents a right to acquire a fully paid ordinary share in the Company at the end of the performance period. Performance rights may only be vested if performance hurdles, vesting conditions and employment tenure conditions are satisfied in the performance period. Details of performance rights at 28 February 2010 are as follows:

Grant date	Vesting period	Expiry date	VWAP (i)	No. of performance rights (i)	Fair value at grant date
9 March 2006	1 March 2006 to 28 February 2009	1 March 2019	$11.00	69,625	$7.54
31 July 2007	1 March 2007 to 28 February 2010	1 March 2020	$12.17	71,734	–
30 June 2008 (ii)	1 March 2008 to 28 February 2011	1 March 2021	$9.55	56,522	$4.33
23 July 2008 (iii)	1 March 2008 to 28 February 2011	1 March 2021	$9.55	38,728	$6.86
16 January 2010	1 March 2009 to 29 February 2012	1 March 2016	$4.94	259,322	$3.31

(i) The quantum or dollar amount of the LTI is set each year at the beginning of the Trust Group's financial year. The number of performance rights is determined by dividing the set dollar amount by the volume weighted average price (VWAP) of Trust shares traded on the ASX during the first five days immediately following the day on which Trust announces its results for the financial year preceding the performance period.
(ii) For staff other than key management personnel.
(iii) For key management personnel.

Details of movements in the number of performance rights outstanding are as follows:

	2010 No.	2009 No.
Balance at the beginning of the year	130,147	135,072
Granted during the financial year	259,322	95,250
Vested during the financial year	–	–
Exercised during the year	–	–
Forfeited during the financial year	(48,905)	(100,175)
Balance at the end of the financial year	**340,564**	**130,147**

25. INCENTIVE PLANS (CONT'D)

(b) Short Term Incentive Plan
The Short Term Incentive (STI) Plan is a performance-based scheme designed as an incentive to participants, dependent on their role in the organisation to create new business or strengthen or improve the business. The Plan is part of the overall remuneration strategy of Trust to strengthen the alignment between employee and shareholder interests through ensuring a greater proportion of performance payments are made in shares and less in cash.

Eligibility is determined at the beginning of the Trust Group's financial year, based on role importance and individual performance. The quantum is a dollar amount target that is specified for each participant and is measured against performance hurdles.

The participant in the STI scheme is measured against financial and non-financial targets. Depending on a participant's role in the organisation, the financial target of the potential STI is dependent on Trust Group's overall performance, and the non-financial target is dependent on individual performance hurdles. Trust Group's financial performance hurdles are based on targeted earnings before interest, tax and depreciation. Individual performance hurdles are specific to the participant's function or business unit and are weighted according to the participant's role in the Trust Group.

For this reporting period, participants could elect whether to receive:

- 100% of their STI in cash;
- 100% of their STI in performance rights; or
- 50% of their STI in cash and 50% in performance rights.

A performance right represents a right to acquire a fully paid ordinary share in the Company at the end of the performance period. Performance rights may only be vested if performance hurdles, vesting conditions and employment tenure conditions are satisfied in the performance period.

The participant's STI award is divided into two equal tranches and is paid or allocated over a two year period. The first tranche is paid or allocated at the end of the performance period (i.e. at the end of year 1) and the second tranche is paid or allocated at the end of the following year (i.e. at the end of year 2). Both tranches are conditional on the continued satisfactory performance of the participant and will not vest or be paid if the participant has exposed the Company to any unintended risks. Allocation of the award over a two year period helps to align short-term objectives with longer term strategy and also serves as a retention incentive.

Subject to vesting of the performance rights, shares allocated under the STI plan carry a seven year trading restriction, commencing from the date performance rights were awarded to the participant.

Grant date	Vesting period	Expiry date	VWAP (i)	No. of performance rights (i)
2010				
16 January 2010	1 March 2009 to 28 February 2010	1 March 2016	$4.94	133,603
2009				
17 September 2008	1 March 2008 to 28 February 2009	1 March 2019	$9.55	10,027

(i) The dollar amount of the STI is set each year at the beginning of the Trust Group's financial year. The number of allocation rights is determined by dividing the dollar amount of the STI by the volume weighted average price (VWAP) of Trust shares traded on the ASX during the first five days immediately following the day on which Trust announces its results for the financial year proceeding the performance period, less the final dividend for that year. Expenses for the STI are recognised based on the dollar amount set.

Details of movements in the number of performance rights outstanding are as follows:

	2010 No.	2009 No.
Balance at the beginning of the year	10,027	11,050
Granted during the financial year	133,603	10,027
Awarded during the financial year	(108,138)	(9,247)
Forfeited during the financial year	(35,492)	(1,803)
Balance at the end of the financial year	**–**	**10,027**

A portion of the performance rights which vested during the financial year will have shares allocated in subsequent financial years.

The amount expensed to the Income Statement with respect to incentives for key management personnel during the financial year have been included in the Directors' Report – Remuneration Report.

(c) Other
CPU Share Plans Pty Ltd (formerly Trust Company Share Plan Pty Limited) acquires Trust shares, from time to time, from the market in the period at the prevailing market price. These shares are held until allocation to participants and this has been recognised in the balance sheet under Treasury Shares.

26. RELATED PARTY DISCLOSURES

(a) Equity interests in related parties
Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 28 to the financial statements.

(b) Key management personnel compensation
Details of key management personnel compensation are disclosed in the Remuneration Report within the Directors' Report and Note 24 to the financial statements.

(c) Loans to key management personnel
No amounts were owed to the Trust Group by key management personnel for the financial years ended 28 February 2010 or 2009.

(d) Key management personnel equity holdings
During the financial year ended 28 February 2010, the following share movements in Trust were transacted by key management personnel in fully paid ordinary shares of the Company.

2010	Balance at the beginning of the financial year No.	Net purchases/ (sales) No.	Balance at the end of the financial year No.
Non-Executive Directors			
Bruce Corlett	203,875	–	203,875
John Macarthur-Stanham	639,770	169,645	809,415
Warren McLeland	16,520	–	16,520
Roger Davis	–	2,500	2,500
James King	5,000	–	5,000
Executive Director			
John Atkin	–	–	–
Other key management personnel			
Vicki Allen	–	–	–
David Grbin	–	–	–
Simon Lewis	–	–	–
Andrea Free	–	–	–
Sally Ascroft	–	–	–

No shares were granted as compensation or options to non-executive directors during the financial year ended 28 February 2010. All acquisitions and disposals of shares in Trust, made by the Directors or their related parties, were conducted at arm's length.

26. RELATED PARTY DISCLOSURES (CONT'D)

(d) Key management personnel equity holdings (cont'd)
During the financial year ended 29 February 2009, the following share movements in Trust were transacted by key management personnel in fully paid ordinary shares of the Company.

2009	Balance at the beginning of the financial year No.	Net purchases/ (sales) No.	Balance at the end of the financial year No.
Non-Executive Directors			
Bruce Corlett	183,436	20,439	203,875
John Macarthur-Stanham	470,770	169,000	639,770
Warren McLeland	16,520	–	16,520
Roger Davis	–	–	–
James King	5,000	–	5,000
Executive Director			–
John Atkin (Appointed 19 January 2009)	–	–	–
Jonathan Sweeney (Resigned 31 December 2008)	936,104	(1,982)	934,122
Other key management personnel			–
Vicki Allen	–	–	–
David Grbin (Appointed 1 July 2008)	–	–	–
Eugene Quass (Ceased employment 27 February 2009)	–	–	–

No shares were granted as compensation or options to non-executive directors during the financial year ended 28 February 2009. All acquisitions and disposals of shares in Trust, made by the Directors or their related parties, were conducted at arm's length.

26. RELATED PARTY DISCLOSURES (CONT'D)

(e) Key management personnel equity rights holdings arising from incentive plans

2010	Balance at 1 March 2009 No.	Equity rights granted as compensation No.	Equity rights awarded No.	Equity rights forfeited No.	Balance at 28 February 2010 No.	Balance vested at 28 February 2010 No.
Executive Director						
John Atkin	–	126,518	(41,814)	(8,793)	75,911	20,907
Other key management personnel						
Vicki Allen	21,824	49,595	(11,283)	(11,104)	49,032	–
David Grbin	11,513	30,364	–	–	41,877	–
Simon Lewis	4,186	20,243	(7,515)	(4,881)	12,033	3,758
Andrea Free	–	15,688	(3,615)	(940)	11,133	–
Sally Ascroft	–	4,555	(3,188)	(1,367)	–	1,594

The performance rights awarded during the financial year will have shares allocated in subsequent financial years.

2009	Balance at 1 March 2008 No.	Equity rights granted as compensation No.	Equity rights awarded No.	Equity rights forfeited No.	Balance at 28 February 2009 No.	Balance vested at 28 February 2009 No.
Executive Director						
John Atkin (Appointed 19 January 2009)	–	–	–	–	–	–
Jonathan Sweeney (Resigned 31 December 2008)	54,448	–	–	(54,448)	–	–
Other key management personnel						
Vicki Allen	8,217	13,607	–	–	21,824	–
David Grbin (Appointed 1 July 2008)	–	11,513	–	–	11,513	–
Eugene Quass (Ceased employment 27 February 2009)	–	13,607	–	(13,607)	–	–

26. RELATED PARTY DISCLOSURES (CONT'D)

(f) Transactions within the wholly-owned group
The wholly-owned group includes the Company and its wholly-owned controlled entities as shown in Note 28 to the financial statements.

The aggregate amount of investments held by the Company in entities within the wholly-owned group are disclosed at Note 7 and Note 28 to the financial statements.

Details of amounts receivable and payable between members of the wholly-owned group are disclosed at Notes 6(a) and 14(a) to the financial statements. Amounts payable to, or receivable from controlled entities are recorded at an amount equal to the net amounts payable or receivable. Interest is neither accrued nor charged.

Details of revenue and expense during the financial year where these are between companies in the wholly-owned group are disclosed in Note 2 to the financial statements and in this note as above.

(g) Other transactions with key management personnel
In the ordinary course of business, key management personnel may have small APRA superannuation funds where Trust, through its 100% owned subsidiary Trust Company Superannuation Services Limited (TCSSL), is the trustee of the superannuation fund.

In addition, TCSSL is trustee for First Super, the default superannuation fund for employees of Trust Company Limited. Most key management personnel of the Trust Group are members of the default superannuation fund.

During the year, key management personnel and their personally related entities have entered into transactions with the Trust Group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect Trust would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal estate administration services;
- the participation in Trust investment products;
- financial investment services; and
- community and philanthropic services.

Information about such transactions does not have the potential to adversely affect decisions about the allocation of scarce resources made by users of this financial report, or the discharge of accountability by the specified key management personnel.

(h) Holding of units in schemes where Trust Company Limited is the responsible entity
Trust is the responsible entity of various managed funds. Directors' holdings in these managed funds during the financial year ended 28 February 2010 are:

2010	Balance at beginning of financial year No.	Net applications/ (redemptions) No.	Balance at end of financial year No.
John Macarthur-Stanham	1,470,656	(489,761)	980,895

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

Trust is the responsible entity of various managed funds. Directors' holdings in these managed funds during the financial year ended 29 February 2009 are:

2009	Balance at beginning of financial year No.	Net applications/ (redemptions) No.	Balance at end of financial year No.
John Macarthur-Stanham	734,468	736,188	1,470,656
Bruce Corlett	153,480	(153,480)	–
Jonathan Sweeney (Resigned 31 December 2008)	1,232,499	(99,241)	1,133,258

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

27. SEGMENT REPORTING

The Group has adopted AASB 8 'Operating Segments' and AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 'Segment Reporting') required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. However, as the Group's segment reporting under AASB 114 was aligned with its management reporting, there has been no change in the segments reported on from the previous financial period. The accounting policies of the new reportable segments are the same as the Group's accounting policies.

Product and services from which reportable segments derive their revenues

Corporate Services
Includes corporate services and superannuation business, which provide a variety of services including property, mortgage and infrastructure custody, structured finance, acting as a specialist corporate trustee, responsible entity. Also provides the trusteeship and compliance of master superannuation trusts, small APRA funds, corporate funds and pooled vehicles.

Personal Services
Includes estates and trusts, private clients and funds management business, which provide a variety of services including wills and estate planning, insurance services, estate administration, accounting and taxation services; financial planning, retirement planning, portfolio administration and agency services and fund management for Australian share funds, cash and bond funds and mortgage fund investment and lending.

The following is an analysis of the Group's revenue and profit by reportable segment:

	Corporate Services		Personal Services		Total	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Fee and commission income	21,457	21,966	32,129	31,688	53,586	53,654
Unallocated fee and commission income	–	–	–	–	1,066	1,722
Segment revenue	21,457	21,966	32,129	31,688	54,652	55,376
Dividend income					1,562	2,617
Interest income					917	1,698
Other income					–	8
Consolidated revenue					**57,131**	**59,699**

27. SEGMENT REPORTING (CONT'D)

Segment profit	Corporate Services 2010 $'000	Corporate Services 2009 $'000	Personal Services 2010 $'000	Personal Services 2009 $'000	Total 2010 $'000	Total 2009 $'000
Segment profit before reconciling items below	6,291	8,292	9,442	10,287	15,733	18,579
Dividend income					1,562	2,617
Interest income					917	1,698
Other income					–	8
Gain on disposal of held-for-sale financial assets					–	19,844
Depreciation and amortisation expense					(1,023)	(1,035)
Claim recoveries					1,922	695
Profit on sale of available-for-sale investments					4,032	126
Net loss on investments					(1)	(8,804)
Business transformation expenses					(5,059)	(3,187)
Merger discussion expenses					–	(410)
Provision for Townsville fraud costs					(2,011)	(1,000)
Profit before income tax					**16,072**	**29,131**
Income tax expense					(5,161)	(8,527)
Profit for the year					**10,911**	**20,604**

The revenue and results for the year ended 28 February 2010 consist of Trust and its controlled entities as outlined in Note 28 to the financial statements.

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

Segment profit represents profit earned by each segment after allocation of central administration costs.

	2010 $'000	2009 $'000
Revenue by product and service		
Funds management	19,004	21,341
Custody	13,106	14,840
Supervision of funds	8,268	7,055
Fee for services	14,274	12,140
Total revenue	**54,652**	**55,376**

	Consolidated assets 2010 $'000	Consolidated assets 2009 $'000
Segment assets		
Corporate Services	29,640	24,426
Personal Services	27,242	35,230
Unallocated	70,380	71,027
	127,262	**130,683**

No single customer accounts for 10% or more of the Group's revenue.

Segment liabilities are not reviewed by the chief operating decision maker.

Geographical information
Trust and its controlled entities operate in Australia and Singapore. The Singapore operation is not material.

28. DETAILS OF CONTROLLED ENTITIES

	Note	Country of incorporation	Ownership interest 2010 %	Ownership interest 2009 %
Parent entity				
Trust Company Limited	(a)	Australia		
Controlled entities				
Ashford Australia Management Limited	(c)	Australia	–	100
Banano Pty Limited		Australia	**100**	100
Fidelity Custodian Nominees Pty Limited		Australia	**100**	100
Fidelity International Pty Limited	(c)	Australia	–	100
Fidelity Investments Pty Limited	(c)	Australia	–	100
GPTA-750 Collins Street Pty Ltd	(b)	Australia	**100**	100
Healthcare Fund Services Limited	(b),(c)	Australia	–	100
Henty Real Estate (NSW) Pty Limited		Australia	**100**	100
Henty Real Estate (Qld.) Pty Limited		Australia	**100**	100
Henty Real Estate Pty Limited		Australia	**100**	100
Permanent Investment Management Limited		Australia	**100**	100
Permanent Nominees (Aust) Limited		Australia	**100**	100
Permanent Property Management Limited	(c)	Australia	–	100
Permanent Trustee Australia Limited		Australia	**100**	100
Permanent Trustee Company (Canberra) Limited		Australia	**100**	100
PRE Services Limited	(b)	Australia	**100**	100
TCL Legal Services (Vic) Pty Ltd (formerly TCA Staff Superannuation Pty Limited)		Australia	**100**	100
TRUCA Investments Pty Limited	(c)	Australia	–	100
Trust Company (Asia Holdings) Pte Limited		Singapore	**100**	100
Trust Company (Asia) Limited		Singapore	**100**	100
Trust Company Fiduciary Services Limited		Australia	**100**	100
Trust Company Funds Management Limited	(c)	Australia	–	100
Trust Company (Hong Kong) Limited		Hong Kong	**100**	100
Trust Company International Limited	(c)	Australia	–	100
Trust Company Responsible Entity Services Limited		Australia	**100**	100
Trust Company Superannuation Services Limited		Australia	**100**	100
Trust Legal Services Limited		Australia	**100**	100
Union Trustee Company (Canberra) Limited		Australia	**100**	100

(a) The parent entity is a body corporate, incorporated and operating in Australia.
(b) Special Purpose Vehicles for clients.
(c) Controlled entities deregistered during the year.

29. NOTES TO THE CASH FLOW STATEMENT

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
(a) Reconciliation of profit after income tax expense to net cash provided by operating activities:				
Net profit after income tax expense	10,911	20,604	12,325	41,683
Depreciation and amortisation	1,023	1,035	908	857
Loss on sale of property, plant and equipment	1	10	–	9
Share-based payments/other reserves	1,169	133	1,169	133
Dividend income and managed funds and trust distributions	(1,562)	(2,625)	(1,001)	–
Loss on swaps and options	1	972	–	–
Interest income	(917)	(1,698)	(286)	(393)
Impairment loss on investments	–	7,832	–	–
Profit on sale of available-for-sale investments	(4,032)	(126)	–	(24)
Gain on disposal of held-for-sale financial asset	–	(19,844)	–	–
Changes in net assets and liabilities:				
Decrease/(increase) in assets:				
Current receivables	6,031	(5,669)	4,505	(2,829)
Non-current receivables	1,043	123	–	20
Deferred tax assets	578	426	(632)	(1,149)
Increase/(decrease) in liabilities:				
Current payables	1,005	(240)	2,443	6,705
Current provisions	2,502	1,285	2,512	1,269
Current tax liabilities	(5,467)	3,079	(5,467)	3,079
Non-current payables	(95)	(11)	–	–
Non-current provisions	(130)	(120)	(362)	(140)
Deferred tax liabilities	–	(3,491)	–	(91)
Net cash provided by operating activities	**12,061**	**1,675**	**16,114**	**49,129**

(b) Business disposed
During the financial year ended 28 February 2009, Trust disposed of its investment in BNY Trust (Australia) Pty Limited.

Details of the disposal are as follows:

Consideration				
Cash and cash equivalents	–	39,227	–	–
Costs of disposal	–	(463)	–	–
Net consideration	**–**	**38,764**	**–**	**–**
Book value of net assets disposed (refer to Note 9)	–	18,920	–	–
(c) Stand-by credit arrangements				
Amount of credit facility available and unused	5,000	5,100	–	100
(d) Reconciliation of cash and cash equivalents				
Cash and cash equivalents at the end of the financial year comprises:				
Cash and cash equivalents at bank and on hand	39,471	17,521	6,430	6,314
Cash and cash equivalents at the end of the financial year	**39,471**	**17,521**	**6,430**	**6,314**

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives
The Group seeks to minimise the effects of financial risk relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(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 revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(c) Categories of financial instruments

	Consolidated		Parent Entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Financial assets				
Fair value through profit or loss				
Held for trading	–	1	–	–
Held-to-maturity investments	200	200	100	100
Loans and receivables (including cash and cash equivalents)	42,333	22,016	6,872	6,314
Available-for-sale financial assets	20,243	36,056	–	–
Total	**62,776**	**58,273**	**6,972**	**6,414**
Financial liabilities				
Other financial liabilities				
Trade creditors	(1,899)	(396)	(15,759)	(12,963)
Total	**(1,899)**	**(396)**	**(15,759)**	**(12,963)**

(d) Foreign currency risk management
The Group's exposure to foreign currency exchange differences is minimal and limited to foreign currency denominated expenses paid by its overseas subsidiaries and the investment the parent entity has in these foreign subsidiaries. In view of this, no foreign currency hedging is undertaken. The risk is monitored on an ongoing basis for change in exposure of foreign currency risk. The quantum of exposure to movement in foreign exchange is not material.

(e) Liquidity risk management
The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

The liquidity and interest risk table on the next page summarises the liquidity of financial assets and liabilities.

(f) Interest rate risk exposures
The Trust Group is exposed to interest rate risk through primary financial assets and liabilities.

At the reporting date, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's net profit before tax would be increased/decreased by $395,000 (2009: increased/decreased by $175,000) mainly as a result of the interest on cash balances.

At the reporting date, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's net profit after tax would have increased/decreased by $64,000 (2009: increased/decreased by $63,000) mainly as a result of the interest on cash balances.

The following table summarises interest rate risk for the Trust Group, together with effective interest rates as at balance sheet date.

30. FINANCIAL INSTRUMENTS (CONT'D)

(f) Liquidity and Interest rate risk exposures (cont'd)

	Consolidated						
	Liquidity and interest risk tables maturing in						
	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000	Total $'000
2010							
Financial assets							
Non-interest bearing	–	21,032	1,863	–	–	–	22,895
Variable interest rate	3.31%	39,681	–	–	–	–	39,681
Fixed interest rate	6.28%	–	–	200	–	–	200
		60,713	**1,863**	**200**	**–**	**–**	**62,776**
Financial liabilities							
Non-interest bearing	–	1,899	–	–	–	–	1,899
		1,899	**–**	**–**	**–**	**–**	**1,899**
2009							
Financial assets							
Non-interest bearing	–	36,285	3,014	–	1,253	–	40,552
Variable interest rate	3.25%	17,521	–	–	–	–	17,521
Fixed interest rate	5.75%	–	–	200	–	–	200
		53,806	**3,014**	**200**	**1,253**	**–**	**58,273**
Financial liabilities							
Non-interest bearing	–	396	–	–	–	–	396
		396	**–**	**–**	**–**	**–**	**396**

30. FINANCIAL INSTRUMENTS (CONT'D)

(f) Liquidity and Interest rate risk exposures (cont'd)

	Parent Entity						
	Liquidity and interest risk tables maturing in						
	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000	Total $'000
2010							
Financial assets							
Non-interest bearing	–	–	–	–	–	–	–
Variable interest rate	4.09%	6,872	–	–	–	–	6,872
Fixed interest rate	4.85%	–	–	100	–	–	100
		6,872	**–**	**100**	**–**	**–**	**6,972**
Financial liabilities							
Non-interest bearing	–	15,759	–	–	–	–	15,759
		15,759	**–**	**–**	**–**	**–**	**15,759**
2009							
Financial assets							
Non-interest bearing	–	–	–	–	–	–	–
Variable interest rate	3.25%	6,314	–	–	–	–	6,314
Fixed interest rate	5.75%	–	–	100	–	–	100
		6,314	**–**	**100**	**–**	**–**	**6,414**
Financial liabilities							
Non-interest bearing	–	12,963	–	–	–	–	12,963
		12,963	**–**	**–**	**–**	**–**	**12,963**

30. FINANCIAL INSTRUMENTS (CONT'D)

(g) Credit risk exposures
Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Trust Group. The Trust Group, while exposed to credit related losses in the event of non-performance by counter-parties to financial instruments, does not expect any counter-parties to fail to meet their obligations. The majority of receivables are largely indemnified by the priority payment status given by most trust deeds to reimbursement of trustee/custodian fees and expenses.

The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking account of the priority payment status given to the majority of receivables. Credit risk associated with trade receivables and other receivables is considered minimal.

As at 28 February 2010, there is no significant credit risk exposure to any single counter-party or any Group counterparties having similar characteristics.

The following table summarises the age of financial assets that are past due at reporting date.

Consolidated	Greater than 30 days $'000	Greater than 60 days $'000	Greater than 90 days $'000	Total $'000
2010				
Trade receivables	480	137	790	1,407
2009				
Trade receivables	744	29	228	1,001

Only receivables greater than 90 days are impaired, and equals the allowance for doubtful debts of $261,000 (2009: $41,000). The factors considered when determining impairment were the age and likelihood of collectability. Refer to Note 6(a).

(h) Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. Legislative capital requirements are monitored on an ongoing basis to ensure that each of the companies in the Group complies.

The capital structure of the Group consists solely of equity attributable to equity holders of the parent entity, comprising issued capital, reserves and retained earnings. There is no interest bearing external debt.

(i) Fair value of financial assets and liabilities
The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory as described in Note 1 (xxi);
- where the fair value is below cost, and the investment is determined to be impaired, the diminution in value is expensed in the Income Statement.

The table disclosed above in Note 30(f), sets out the carrying amounts of financial assets and liabilities.

(j) Market risk
The Group's activities expose it primarily to the financial risks of changes in interest rates (refer Note 30(f)).

31. STATUTORY RESERVE FUND

Under the provisions of Section 37 of Part VI of the Trustee Companies Act 1984 – Victoria (the Act), Trust is required to establish a statutory reserve fund in the event of the appointment of a liquidator, a receiver, a receiver and manager, or an official manager of the Trust Group.

The value of the reserve shall be not less than one half of a percent of trust estates in Victoria.

Monies 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 monies (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 or management outside Victoria;

(d) Fourthly, for the payment of sums due from the trustee company to persons in respect of monies (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 the debts of the trustee company.

Investment of monies in reserve
Section 38 of the Act provides that monies in a reserve fund may be invested in any manner in which trust monies may be invested by a trustee under the Trustee Act 1958 (Vic).

In addition to the powers of investment as prescribed above, a trustee company may invest monies in its reserve fund in freehold land in the State.

As at 28 February 2010, the Trust Group's statutory reserve fund, calculated in accordance with the statutory formula, is $2,918,433 (2009: $2,481,330) being supported by the following assets:

	$
Investment by Trust Company Limited in its 100% owned subsidiary Trust Company Fiduciary Services Limited. Book value stated	100,088,000
Fair value of Trust Company Fiduciary Services Limited's Investment portfolio	20,242,528

32. SUBSEQUENT EVENTS

A final dividend of 16.5 cents per share fully franked was declared on 28 April 2010 to be paid on 25 May 2010.

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of Trust.

DIRECTORS' DECLARATION

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

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 give a true and fair view of the financial position and performance of the consolidated entity; and

(c) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Bruce Corlett
Chairman

John Atkin
Chief Executive Officer

Sydney, 28 April 2010

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

Deloitte.

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Independent Auditor's Report to the members of Trust Company Limited

Report on the Financial Report

We have audited the accompanying financial report of Trust Company Limited, which comprises the balance sheet as at 28 February 2010, and the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 38 to 82.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Member of
Deloitte Touche Tohmatsu

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

Deloitte.

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

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

(a) the financial report of Trust Company 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 28 February 2010 and of their performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

-We have audited the Remuneration Report included in pages 20 to 33 of the directors' report for the year ended 28 February 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Trust Company Limited for the year ended 28 February 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants
Sydney, 28 April 2010

CORPORATE GOVERNANCE

The Directors of Trust are committed to implementing high standards of corporate governance and are guided by the values and principles set out in Trust's Ethical Framework and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Recommendations). Trust is pleased to advise that its practices are largely consistent with the Recommendations.

During the reporting period, Trust reviewed its corporate governance practices and changes were made to Trust's policies and committees. We have identified either when such policies or committees were introduced or why Trust does not consider they are appropriate due to the small size of Trust. Following the review the committees of the Board now comprise:

- Audit, Risk and Compliance Committee
- People and Remuneration Committee
- Investment Committee
- Philanthropy and Community Committee

Trust addresses each of the Recommendations below for the period from 1 March 2009. This corporate governance statement is current as at 28 April 2010.

Additional corporate governance information, including copies of key policies, will be available on Trust's website at:

www.trust.com.au/about_us/shareholder_information/corporate_governance

PRINCIPLE 1
LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role of Board and management
The role of the Board is generally to set objectives and goals for the operation of Trust, to oversee Trust's management, to regularly review performance and to monitor Trust's affairs acting in the best interests of Trust. The Board is accountable to its shareholders and is responsible for approving Trust's corporate objective and overseeing the implementation of the strategic goals including achieving consistent growth in shareholder distributions.

The role of the Chairman is to facilitate the operation of the Board and represent the Board and Trust to shareholders in relation to formal meetings and matters reserved to the Board.

The role of the CEO is to manage the business of Trust. The Board delegates to the CEO all matters not reserved to the Board, including the day-to-day management of Trust.

To assist the Board carry out its functions it has developed:

- an Ethical Framework to guide the directors, the CEO, the Executive Team and the employees in the performance of their roles; and
- a revised Board Charter that describes the role of and responsibilities reserved for the Board, the Chairman and the CEO. The revised Board Charter is available on the Trust website.

Evaluating the performance of the Executive Team
Trust's Executive Team is detailed on page 12.

The Board evaluates the performance of the CEO against agreed plans and the key performance indicators that it sets at the beginning of each year. The CEO evaluates the performance of the other Executive Team members and makes his recommendations on their performance to the People and Remuneration Committee.

The performance of Executive Team members (and all Trust employees) is evaluated on a six monthly basis against their key performance indicators that have been set at the start of the year. Key performance indicators cover both financial and non-financial aspects of each Executive Team member's role. The key performance indicators are cascaded down from those set for the CEO. The performance management process plays a key role in developing high performance teams and aligning employee and organisational behaviour with Trust's cultural values as set out in the Ethical Framework and the interests of our stakeholders.

The performance evaluation of the Executive Team has taken place in accordance with the above process.

Remuneration of the Executive Team is reviewed by the People and Remuneration Committee (see Principle 8).

CORPORATE GOVERNANCE

PRINCIPLE 2
STRUCTURE THE BOARD TO ADD VALUE

Independent directors
At present the Trust Board consists of six independent non-executive directors and one executive director. The names and details of the current Directors of Trust, including attendance at Board and Committee meetings, are included in the Directors' Report on page 34.

It is the Board's view that each of the six Non-Executive Directors is independent. The Board assesses director independence pursuant to the relationships that affect independent status as set out in the Recommendations, along with other matters the Board considers relevant. In making the assessment of directors' independence, materiality is assessed on a case by case basis having regard to the individual circumstances of each director. The criteria for assessing independence are provided to directors at each Board meeting for confirmation.

The Board meets regularly and considers the composition and mix of skills of directors is appropriate for the directors to understand Trust's business and to discharge their duties. The Board also meets without management to ensure that it maintains independent judgement in Board decisions.

Chairman
The Chairman is selected by the Board and is an independent non-executive director.

The current Chairman of Trust is Bruce Corlett.

Selection and assessment of directors
The Nomination Committee functions are now carried out by the full Board of Trust given the small size of Trust and the Board itself. This was previously carried out by the then Remuneration and Nominations Committee which only comprised two members which the Board considered was appropriate at that time. The Board makes an assessment in relation to the appointment of new directors and annually in relation to itself.

In accordance with Trust's constitution and the ASX Listing Rules, a third of the non-executive directors of Trust stand for re-election at each annual general meeting.

New directors are fully briefed on the terms and conditions of their appointment by the Chairman of Trust, which is formalised in a letter of offer, and undertake an induction program to familiarise themselves with Trust and its business operations.

Evaluating the performance of the Board
Given the size of the Board, the Chairman of the Trust Board is responsible for monitoring and providing feedback to individual directors. A confidential self assessment survey regarding the performance of the directors is undertaken annually and the Chairman discusses the results directly with each Director and the Board collectively.

Each director's performance was reviewed during the year in accordance with the process summarised above.

Director access to information and advice
The Board is provided with regular detailed reports on Trust's financial position, financial performance and business to allow the Board to effectively fulfil its responsibilities. The directors have access to the Executive Team, employees and Trust's advisers as necessary if they require additional information.

Further, Trust has entered into a Deed of Access, Indemnity and Insurance with each director entitling them to seek independent professional advice at Trust's expense with the prior approval of the Chairman. This advice is to be made available to all directors.

PRINCIPLE 3
PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Trust has established both an Ethical Framework and a Code of Conduct within which it carries on its business and deals with its stakeholders. These apply to all directors and employees of Trust and are available on the Trust website.

Ethical Framework
As part of the strategic review of Trust's business, an Ethical Framework has been developed which supports all aspects of the way Trust conducts its business and is embedded into the performance management process for the Executive Team and all employees.

The Ethical Framework guides and better aligns Trust's cultural values with the decision making conducted at all levels within Trust's business, and integrates this with Trust's purpose, vision and goals as an organisation and as a valued member of the wider community.

Code of Conduct
Trust has a Code of Conduct that applies to all directors and employees without exception. The Code of Conduct is derived from Trust's policies and procedures relating to its business activities and is designed to promote integrity, responsibility, accountability and adherence to relevant legislation. The Code of Conduct will shortly be reviewed to ensure it is consistent with the recently adopted Ethical Framework.

Share Trading Policy
Trust has a Share Trading Policy only allows staff and Directors to trade in Trust shares between particular blackout periods. The blackout periods occur six weeks before financial results announcements, one month before an AGM and at any other time that the directors decide. Directors and employees are reminded of upcoming blackout periods to ensure that they do not trade during a blackout period.

Directors are also required to inform the Chairman and Company Secretary of any share trades within five business days of the transaction to enable timely disclosure to the market.

Trust's Share Trading Policy is available on the Trust website.

CORPORATE GOVERNANCE

Voting rights in capacity as a trustee
Trust and a number of its subsidiaries act as trustee and are responsible for the administration of funds, trusts and estates that hold shares in Trust. The various Trustee Companies Acts set out the circumstances governing use of these voting rights. Trust has received independent advice on how these voting rights should be exercised and a summary of these voting rights is included on the Trust website.

Philanthropy and Community Committee
As part of the review of corporate governance practices the Board has established a Philanthropy and Community Committee for the better promotion and co-ordination of Trust's philanthropic and community activities. Josephine Sukkar is Chair of the Committee and Board members include Bruce Corlett and John Atkin.

PRINCIPLE 4
SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board has established an Audit, Risk and Compliance Committee (ARCC). This Committee is a merger of the functions carried out by the former Audit, Audit Risk and Compliance, Audit Risk and Compliance – Managed Investment Schemes Committees following the review of corporate governance practices. The Committee is comprised of four members with a majority of independent non-executive directors. The Committee Members are Roger Davis (Chairman), Bruce Corlett and John Macarthur-Stanham and an independent non-executive Committee Member, John Richardson.

John Richardson, BEc, FCA, FCIS, is an independent accounting member of ARCC. Formerly a senior audit partner of KPMG Chartered Accountants, he retired in 2001 after 30 years as a partner of that firm and now acts as an independent corporate adviser to a range of companies, both public and private, and provides expert advice on accounting and auditing issues.

One of the primary objectives of the Committee is to fulfil the Board's responsibilities relating to the review of annual and half year financial reports and the review of accounting and financial reporting practices of Trust and its subsidiaries.

The Committee meets with the external auditor without management present to discuss any issues in relation to the annual and half year financial statements.

The Committee is reviewing its charter, which sets out its role and responsibilities and a copy of this charter will soon be available on the Trust website.

External auditor
The senior audit partner is rotated by agreement with the CEO and CFO at least once every five years and approved by the Board. For the 2009 financial report, a new audit partner was appointed to the audit of the Trust Group in accordance with this agreement.

The current auditor for Trust is Deloitte Touche Tohmatsu.

PRINCIPLE 5
MAKE TIMELY AND BALANCED DISCLOSURE

Trust has a continuous disclosure policy to ensure compliance with ASX and the *Corporations Act* continuous disclosure requirements. The policy requires timely disclosure of information to be reported to the Executive Team and CEO to ensure information, that a reasonable person would expect to have a material effect on Trust's share price or would influence an investment decision, is disclosed to the market.

The CEO is the nominated continuous disclosure officer for Trust and reports directly to the Board on disclosure matters and the Company Secretary is responsible for making disclosures to ASX, after appropriate Board consultation.

PRINCIPLE 6
RESPECT THE RIGHTS OF SHAREHOLDERS

Trust is committed to providing both shareholders and the market with timely information so that the market is sufficiently informed of Trust's business and operations.

In addition to Trust's continuous disclosure obligations, Trust:

- provides shareholders with full copies of all ASX announcements and other press releases on its website immediately after being announced to the market;
- rotates the venue of the Annual General Meeting between Sydney, Melbourne and Brisbane, where the majority of shareholders reside, to enable their attendance at meetings.

Trust has an active communications program for effective communication with all of its shareholders, clients and other stakeholders. Copies of all communications material is made available on the Trust website.

PRINCIPLE 7
RECOGNISE AND MANAGE RISK

Trust values the importance of robust risk management systems and has established ARCC to assist the Board discharge its risk management and compliance responsibilities.

Role and members of ARCC
As noted above, in addition to reporting to the Board on audit and financial reporting matters, ARCC is responsible for the oversight of risk management, internal control systems and compliance matters for the Trust Group. It also reviews internal and external audit processes and reports. ARCC meets regularly with the Executive Team, senior management and external advisers, and reports directly to the Board.

Management's responsibilities for risk management
The Executive Team regularly reports any material business risks directly to the Board and to ARCC.

CORPORATE GOVERNANCE

Risk management and internal control systems
Trust has a formal risk management program in place. It was developed with external consultants and is based on Standards Australia AS/NZS 4360:2004 – Risk Management Standard. The program includes policies and procedures to identify and address material financial and non-financial risks. This program has been endorsed by the Board. The risks identified together with their management have been reported to the Board.

The Executive Team and ARCC are responsible for overseeing compliance with the risk management program and its continuous evolution.

Trust also maintains an independent 'internal' audit team which reports directly to ARCC and the Board if necessary.

CEO, COO and CFO declarations
The CEO, COO and CFO provide formal statements to the Board to confirm that the financial statements are founded on a sound system of risk management, internal compliance and controls which implement the policies adopted by the Board. In addition, they confirm Trust's risk management and control system is operating efficiently and effectively in all material respects.

PRINCIPLE 8
REMUNERATE FAIRLY AND RESPONSIBLY

Trust has remuneration policies in place to maintain and attract talented and motivated directors and employees. The policies are designed to improve the performance of Trust, while also aligning the financial interests of employees and directors with the interests of shareholders.

People and Remuneration Committee
Trust has established a People and Remuneration Committee. The Committee is comprised of three independent non-executive directors, with a Chairman who is different to the Chairman of the Board. The Committee Members are John Macarthur-Stanham (Chairman), Bruce Corlett and Jim King. The Committee is reviewing its charter, which sets out its role and responsibilities, and a copy of this charter will soon be available on the Trust website.

In relation to remuneration matters, the Committee's purpose is to review and assess the performance of the CEO and his direct reports and ensure appropriate remuneration policies and arrangements are applied consistently and equitably throughout the organisation. The Committee also reviews succession planning for employees, particularly at more senior levels of management together with Trust's policies and practices for the development of its people.

Directors' remuneration
The Board is responsible for reviewing each director's remuneration. In 2005, shareholders approved a cap of $500,000 on the total value of non-executive directors' remuneration. It is proposed that shareholders approve an increase in the total value of non-executive directors' remuneration to $600,000 to accommodate the appointment and remuneration of Josephine Sukkar as an additional independent non-executive director and a market-based increase in directors' fees.

Non-executive directors are remunerated by way of directors' fees and superannuation contributions. Non-executive directors do not participate in equity or option-based incentive schemes, nor do they receive bonus payments.

Details of the directors' remuneration, together with the details of the remuneration of key management personnel, are set out in the Remuneration Report.

Executive Team remuneration
The Board, with advice from the People and Remuneration Committee, is responsible for approving the Executive Team's incentive remuneration arrangements, which includes both fixed and performance related arrangements. The objective of Trust's Executive Team remuneration policy is to reflect both short-term and long-term performance objectives of Trust and to align the Executive Team's rewards with Trust's strategic objectives and business plans, including the consistent growth in shareholder distributions.

Incentive plans
At an Extraordinary General Meeting of shareholders held on 16 December 2009, shareholders approved new short and long term incentive plans (Performance Rights Plan). Trust currently has two other incentive plans designed for the Executive Team and senior staff, which have been previously approved by shareholders and which will expire in 2012. Details of the expiring short and long term incentive plans and the Performance Rights Plan are contained in the Remuneration Report and a copy of the terms of the new Performance Rights Plan is available on the Trust website.

During 2009, Trust introduced a policy of prohibiting the hedging of unvested equity entitlements.

ADDITIONAL SHAREHOLDER INFORMATION

Shareholder information as at 12 April 2010

On 12 April 2010, there were 2,557 shareholders holding ordinary fully paid shares in the capital of Trust Company Limited. The maximum shareholding under the Company's constitution which may be registered in any one shareholder's name is 6,472,467 shares representing 20% of the total shares on issue which are 32,362,335. However, under the *Trustee Companies Act 1968-1988 of Queensland*, no one member shall hold more than 15% of the capital of the Company, which currently represents 4,854,350 shares.

Shares on issue and voting rights

The Company presently has one class of ordinary fully paid shares on issue. The voting rights attaching to the shares relating to meetings of the Company provide that on a show of hands every person who is a member, or a representative or proxy of a member has one vote, and on a poll every person present, or by a representative or proxy has one vote for each share held. There is no current on-market buy-back in place.

Shareholder categories	No. of ordinary shareholders
1-1,000	583
1,001-5,000	1,187
5,001-10,000	384
10,001-100,000	356
100,001 and above	47
Total	**2,557**

Holders with less than a marketable parcel of $500 worth of fully paid shares: 40.

Directors' shareholdings as at the date of the report are disclosed in the Directors' Report.

Twenty largest shareholders as at 12 April 2010

Rank		No. of shares	%
1.	Milton Corporation Limited	2,243,751	6.93
2.	HSBC Custody Nominees (Australia) Limited	1,954,896	6.04
3.	Australian Foundation Investment Company Limited	1,500,000	4.64
4.	National Nominees Limited	744,453	2.30
5.	Choiseul Investments Limited	696,643	2.15
6.	Carlton Hotel Ltd	678,579	2.10
7.	Trust Company Ltd John Patrick Sweeney A/C	477,682	1.48
8.	HMS Nominees Ltd	450,000	1.39
9.	Washington H Soul Pattinson and Company Limited	433,727	1.34
10.	Mrs Doreen Kathleen Sweeney	391,000	1.21
11.	Mr John G Macarthur-Stanham	363,495	1.12
12.	Myora Pty Ltd	355,680	1.10
13.	Mr Jonathan W Sweeney	341,760	1.06
14.	Mirrabooka Investments Limited	332,611	1.03
15.	Enbeear Pty Limited	319,577	0.99
16.	Trust Company Ltd Estates & Trusts A/C	318,950	0.99
17.	Australian United Investment Company Limited	300,000	0.93
18.	Diversified United Investment Limited	300,000	0.93
19.	Prudential Nominees Pty Ltd	300,000	0.93
20.	Donetta Pty Limited	285,000	0.88
		12,787,804	**39.51**

Substantial shareholders	No. of shares
Milton Corporation Limited	2,243,751

ADDITIONAL SHAREHOLDER INFORMATION

Listing
Trust Company Limited's shares are listed on the Australian Securities Exchange (ASX), with Melbourne as the Home Exchange. The ASX code is TRU.

Company Secretaries
Sally Ascroft (Appointed 2 November 2009)
Alex Carrodus (Appointed 10 February 2010)
Deahne Moore (Appointed 14 May 2009, Resigned 9 December 2009)
Geoffrey D Corderoy (Resigned 15 May 2009)

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Share Register
Registry
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Abbotsford VIC 3067
Telephone: 1300 850 505
Switchboard: (03) 9415 4000
Overseas callers: + 61 3 9415 4000
Fax: (03) 9473 2500

Contact points in other states
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Computershare Investor Services Pty Limited
Level 19, 307 Queen Street
Brisbane QLD 4000
Telephone: 1300 850 505

NSW
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2001
Telephone: 1300 850 505

Nominations for the office of director
Pursuant to Article 66(3) of the Company's Articles of Association, the closing date for nominations for election to the office of director is 13 May 2010, for the Annual General Meeting to be held on 22 June 2010.

Auditor
Deloitte Touche Tohmatsu

ABN
59 004 027 749

Australian Financial Services Licence
235148

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