

## PRELIMINARY FINAL REPORT

Trustees Australia Limited (Trustees Australia) ACN 010 653 862  
 For the year ended 30 June 2014

### RESULTS FOR ANNOUNCEMENT TO THE MARKET - (ASX: TAU)

The reporting period to which this report relates is the year ended 30 June 2014 and the previous corresponding period is the year ended 30 June 2013. Throughout this report these periods are designated by the terms '2014' and '2013' respectively.

References to the 'Group' throughout this report relates to Trustees Australia Limited and its controlled entities.

Reference to dollar amounts are in Australian dollars.

	<b>Movement</b>	<b>% Change</b>	<b>\$000 June 2014</b>	<b>\$000 June 2013</b>
Revenues from ordinary activities	Down	41%	3,798	6,434
Loss from ordinary activities after tax attributable to members	Up	193%	(939)	(321)
Net loss for period attributable to members	Up	218%	(949)	(298)

<b>Dividend Information</b>	<b>Amount per Share (cents)</b>	<b>Franked Amount per Share (cents)</b>	<b>Tax Rate for Franking</b>
Final dividend	Nil	Nil	Nil
Interim dividend	Nil	Nil	Nil
Record date			Not applicable

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## COMMENTARY ON ANNUAL RESULTS

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### Managing Director's Report

This Managing Director's report is for the information of shareholders and the market generally as part of the Appendix 4E Preliminary Final Report of the Group for the financial year ended 30 June 2014.

It is noted that the audit of the annual results of the Group is not complete at the time of lodging this Appendix 4E and the final audited results may differ from the preliminary results disclosed in this Appendix 4E. In particular, it should be noted that the directors have made an estimate of the amount that they believe is receivable by the Group under the sharefarming arrangements with Dairy Farm Investments (Brucknell) Limited for the investment property held in Australian Dairy Farms Trust (see note 3). The final allocation of revenue and expenses between the two properties (and owners) is yet to be completed. This allocation will be completed before lodgement of the audited Annual Report and any amendment to the receivable will be shown in this report.

### PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF THOSE ACTIVITIES

The principal activities of the Group during the financial year ended 30 June 2014 were:

#### *Financial services activities comprising:*

- custodial and responsible entity services through Trustees Australia;
- fixed interest broking and advisory through Rim Securities Limited (RIMsec); and
- a 33% interest in APA Financial Services Limited (APA), an ASX listed entity

#### *Tourism and hospitality activities comprising:*

- the ownership and operation of Magnums Airlie Beach Backpackers in Queensland Resorts Pty Ltd.

#### *Property activities comprising:*

- development property ownership in Trustees Australia; and
- a 43% interest in the Whitsunday Village Retail Property Trust No 1 (WVRPT), a managed investment scheme holding retail shops at Airlie Beach.
- investment property ownership in Australian Dairy Farms Trust which owns a dairy farm property and an interest in dairy livestock in Victoria's South West district in connection with APA Financial Services Limited.

Other than the various developments with the proposed restructure and capital raising by APA and the Australian Dairy Farms Trust, in respect of which Trustees Australia Limited acts as responsible entity, there have been no significant change in the nature of the Group's activities during the year.

### REVIEW OF OPERATIONS FOR THE YEAR

Trading conditions for the operating entities in the Group have continued to be difficult with the board maintaining its significant focus on restructure and / or disposal of assets.

#### *Australian Dairy Farms Group*

During the financial year a significant amount of the Group's focus has been on restructuring APA and the Australian Dairy Farms Trust for a public offer capital raising as an ASX listed group. Subsequent to the end of the financial year, Trustees Australia Limited (Trustees Australia) announced to the ASX on 20 August 2014 that APA Financial Services Limited (APA) and Trustees Australia as responsible entity, had lodged with ASIC a Prospectus and Product Disclosure Document (Offer Document) for the issue of Stapled Securities in Australian Dairy Farms Group (Stapled Securities).

The Offer Document proposes to raise up to \$14.5 million in new capital. If the full amount is raised then Trustees Australia will receive at least \$2.15 million in repaid loans and hold a convertible note with a duration of two years for the issue of 6,500,000 Stapled Securities at the issue price of 20 cents per stapled security. At completion of the proposed capital raising of \$14.5 million, Trustees Australia will hold 5.32% of the Australian Dairy Farms Group plus the convertible note.

The ASX announcement confirmed that Bell Potter as lead broker to the issue held firm commitments of \$8,500,000, exceeding the minimum subscription, from an Institutional and Sophisticated Investor bookbuild.

Australian Dairy Farms Group is proposing to enter the Australian dairy industry as a farm owner and operator to produce fresh milk for sale to milk processors. The Australian Dairy Farms Group intends to progressively aggregate dairy farms in prime dairy producing regions of Victoria and over time become a major and profitable supplier of milk.

The Offer Document includes a Priority Offer of 10,000 Stapled Securities to registered holders of shares in Trustees Australia and APA who are resident in Australia or New Zealand (Eligible Shareholders) with a record date of 22 August 2014 and at an issue price of \$0.20 for each Stapled Security or \$2,000.00 in total. The Priority Offer will close on 12 September 2014.

## COMMENTARY ON ANNUAL RESULTS (Con'td)

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### Managing Director's Report (Cont'd)

#### *Whitsunday Village Property Trust*

The Group also owns part of the Whitsunday Village Shopping Centre via an equity accounted interest of 42.92% in the Whitsunday Village Retail Property Trust. This property adjoins the new Woolworths supermarket development and the primary pedestrian entrances to the new supermarket is from Shute Harbour Road through the shops owned by Whitsunday Village Retail Property Trust. These shops have already seen positive benefits from the Woolworths proximity through renewed lease terms, renegotiated rents for some existing tenancies and increased enquiry for availability. On 25 June 2014, the Trust was successful in selling a shop in the Centre, tenanted by a BWS liquor store, on an attractive yield and firm interest has been received in the leasing of other tenancies which are expected to lead to additional potential sales of properties in the future.

#### *Backpacker Operations*

The Magnums backpacker operations at Airlie Beach continued to be difficult as a direct result of the unusually high value Australian currency compared with the currencies of the countries of origin of the international backpackers and the generally depressed economic conditions in those countries. As with most Australian based tourism businesses, cheaper destinations in South East Asia and other regions attracted both domestic and international travellers from Australian destinations.

#### *Custody, Responsible Entity and Trustee Services*

During the financial year Trustees Australia has continued to build its systems capability and administration of financial assets for custody, responsible entity and trustee services. The increased capital requirements by regulators for responsible entities has introduced additional hurdles for this segment of the Group's business activities.

#### *Fixed Interest Specialists (RIMsec)*

Rim Securities Limited (RIMsec) provides fixed income brokerage services to a range of wholesale and retail customers. A strong emphasis continues to be directed towards completing and enhancing systems design to support additional dealing staff and the continuing development of its computer based systems which are essential for efficient operation of the business and its growth.

### OPERATING RESULTS AND FINANCIAL POSITION

#### *Operating Results*

The consolidated net loss attributed to members of Trustees Australia, after providing for income tax and eliminating outside equity interests, was \$938,875 (2013: \$321,303). The result was achieved on revenue of \$3,978,031 which is comparable with the prior year on a segment basis, although down in total predominantly as the sale of the development land to Woolworths for \$3,260,000 was in the 2013 comparative. Total expenses decreased by \$2,803,453 from 2013, predominantly as the cost of development land sold to Woolworths of \$3,455,964 was included in operating expenses in the 2013 comparative, offset by an impairment expense on the investment property. The 2013 comparatives also included a \$952,394 profit from discontinued operations following the sale of wholly owned subsidiary Administration Partners Pty Ltd.

The directors continue to explore options for the restructuring of existing business activities in the Group with a view to improving shareholder value. This will require continuation of the business rationalisation and consolidation process while also focusing on the implementation of the strategy for the future to become a significant participant in the fixed income, custody, trustee and responsible entity market in Australia.

#### *Net Financial Position*

The net assets of the Group are \$8,582,091 at 30 June 2014, a decrease of \$943,953 from 30 June 2013.

The group is progressively simplifying the structure of its operations and assets with a view to positioning itself to concentrate on its financial services activities and be in a position to grow the company while maintaining the transparency of its strategies and business focus.

*Michael Hackett*

MICHAEL HACKETT  
Managing Director

29 August 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
Revenue	1(a)	3,752,576	6,433,875
Other income	1(b)	45,455	-
Business operating expenses		(772,163)	(4,200,448)
Employment expenses	1(c)(iii)	(2,300,453)	(2,399,703)
Finance costs	1(c)(i)	(255,254)	(91,726)
Property operating expenses		(686,206)	(756,730)
Impairment expenses		(411,129)	-
Other expenses		(472,544)	(252,595)
Share of net profit / (loss) from associate		165,774	(9,499)
<b>Loss before income tax</b>	1	<b>(933,944)</b>	<b>(1,276,826)</b>
Income tax benefit /(expense)		-	-
<b>Net loss from continuing operations</b>		<b>(933,944)</b>	<b>(1,276,826)</b>
<b>Discontinued operations</b>			
Profit from discontinued operations after tax	2	-	952,394
<b>Net loss for the year</b>		<b>(933,944)</b>	<b>(324,432)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>		-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net gain / (loss) on revaluation of financial assets		(10,009)	23,120
		<b>(10,009)</b>	<b>23,120</b>
<b>Other comprehensive income / (loss) for the year</b>		<b>(10,009)</b>	<b>23,120</b>
<b>Total comprehensive loss for the year</b>		<b>(943,953)</b>	<b>(301,312)</b>
<b>Profit / (loss) attributable to:</b>			
Members of the parent entity		(938,875)	(321,303)
Non-controlling interest		4,931	(3,129)
		<b>(933,944)</b>	<b>(324,432)</b>
<b>Total comprehensive income / (loss) attributable to:</b>			
Members of the parent entity		(948,884)	(298,183)
Non-controlling interest		4,931	(3,129)
		<b>(943,953)</b>	<b>(301,312)</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Current Assets</b>			
Cash and cash equivalents		115,104	818,055
Trade and other receivables	3	1,121,405	913,808
Inventories	4	9,388	6,154
Investment property	5	4,325,593	4,339,754
Biological assets	6	702,200	-
Other current assets		282,423	393,101
<b>Total Current Assets</b>		<b>6,556,113</b>	<b>6,470,872</b>
<b>Non-Current Assets</b>			
Inventories	4	1,326,178	1,320,000
Other financial assets		19,010	29,020
Intangibles	7	732,728	521,392
Investments in associates	8	1,448,275	1,642,583
Property, plant & equipment	9	4,476,046	4,591,689
<b>Total Non-Current Assets</b>		<b>8,002,237</b>	<b>8,104,684</b>
<b>Total Assets</b>		<b>14,558,350</b>	<b>14,575,556</b>
<b>Current Liabilities</b>			
Trade and other payables		1,591,663	1,104,362
Borrowings	10	3,707,327	3,290,882
Provisions		104,315	113,824
<b>Total Current Liabilities</b>		<b>5,403,305</b>	<b>4,509,068</b>
<b>Non-Current Liabilities</b>			
Provisions		572,954	540,444
<b>Total Non-Current Liabilities</b>		<b>572,954</b>	<b>540,444</b>
<b>Total Liabilities</b>		<b>5,976,259</b>	<b>5,049,512</b>
<b>Net Assets</b>		<b>8,582,091</b>	<b>9,526,044</b>
<b>Equity</b>			
Issued capital		4,058,525	4,058,525
Reserves		16,760	26,769
Retained earnings		4,496,450	5,438,563
Parent entity interest		8,571,735	9,523,857
Non-controlling interest		10,356	2,187
<b>Total Equity</b>		<b>8,582,091</b>	<b>9,526,044</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		3,700,864	6,369,362
Payments to suppliers and employees		(3,918,977)	(4,372,918)
Trust distributions		13,630	81,780
Interest received		10,678	18,231
Finance costs		(138,634)	(91,726)
<b>Net operating cash flows</b>	11	<b>(332,438)</b>	<b>2,004,729</b>
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant & equipment		(54,333)	(32,400)
Proceeds from property, plant & equipment		-	21,559
Payment for development costs - development land	4	(6,178)	-
Payment for intangible assets - software	7	(224,993)	(249,857)
Payment for investment property	5	-	(4,339,754)
Payment for capital development - investment property	5	(396,968)	-
Proceeds from disposal of subsidiary	2	500,000	501,704
Proceeds from minority interests		-	5
Payment for biological assets		(487,865)	-
<b>Net investing cash flows</b>		<b>(670,337)</b>	<b>(4,098,743)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from loan facilities		-	2,650,000
Repayment of loan facilities		-	(800,000)
Loans from related party	10(b)	250,000	1,000,000
Proceeds from other borrowings		298,195	205,467
Repayment of other borrowings		(248,371)	(269,936)
<b>Net financing cash flows</b>		<b>299,824</b>	<b>2,785,531</b>
<b>Net increase / (decrease) in cash held</b>		<b>(702,951)</b>	<b>691,517</b>
Cash at the beginning of the period		818,055	126,538
<b>Cash at the end of the financial period</b>		<b>115,104</b>	<b>818,055</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Non- Controlling Interests	Retained Earnings	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	<b>4,058,525</b>	<b>3,649</b>	<b>5,311</b>	<b>5,759,866</b>	<b>9,827,351</b>
<b>Comprehensive Income for the year</b>					
Loss attributable to members of parent entity	-	-	-	(321,303)	(321,303)
Loss attributable to non-controlling interests	-	-	(3,129)	-	(3,129)
Other comprehensive income	-	23,120	-	-	23,120
<b>Total comprehensive income / (loss) for the year</b>	<b>-</b>	<b>23,120</b>	<b>(3,129)</b>	<b>(321,303)</b>	<b>(301,312)</b>
<b>Transactions with owners and other transfers</b>					
Recognition of non-controlling interest of Australian Dairy Farms Trust	-	-	5	-	5
<b>Total transactions with owners and other transfers</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>
<b>Balance at 30 June 2013</b>	<b>4,058,525</b>	<b>26,769</b>	<b>2,187</b>	<b>5,438,563</b>	<b>9,526,044</b>

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Non- Controlling Interests	Retained Earnings	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	<b>4,058,525</b>	<b>26,769</b>	<b>2,187</b>	<b>5,438,563</b>	<b>9,526,044</b>
<b>Comprehensive Income for the year</b>					
Loss attributable to members of parent entity	-	-	-	(938,875)	(938,875)
Profit attributable to non-controlling interests	-	-	4,931	-	4,931
Other comprehensive loss	-	(10,009)	-	-	(10,009)
<b>Total comprehensive income / (loss) for the year</b>	<b>-</b>	<b>(10,009)</b>	<b>4,931</b>	<b>(938,875)</b>	<b>(943,953)</b>
<b>Transactions with owners and other transfers</b>					
De-recognition of non-controlling interest of Australian Dairy Farms Trust	-	-	3,238	(3,238)	-
<b>Total transactions with owners and other transfers</b>	<b>-</b>	<b>-</b>	<b>3,238</b>	<b>(3,238)</b>	<b>-</b>
<b>Balance at 30 June 2014</b>	<b>4,058,525</b>	<b>16,760</b>	<b>10,356</b>	<b>4,496,450</b>	<b>8,582,091</b>

The accompanying notes form part of these financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 1: REVENUE AND EXPENSES

<b>(a) Revenue</b>	<b>2014</b>	<b>2013</b>
<i>Revenue</i>	<b>\$</b>	<b>\$</b>
Rendering of services	1,720,214	1,664,369
Financial services income	1,612,233	1,244,801
Sale of development property	-	3,260,000
Sale of goods	60,707	59,371
Livestock fair value adjustment (refer note 6)	214,335	-
	<b>3,607,489</b>	<b>6,228,541</b>
<b><i>Other revenue</i></b>		
Interest received - other persons	10,678	18,231
Rental revenue	423	24,575
Other revenue	133,986	162,528
	<b>145,087</b>	<b>205,334</b>
<b>Total Revenue</b>	<b>3,752,576</b>	<b>6,433,875</b>
<b>(b) Other Income</b>		
Finance discount earned on disposal of subsidiary	45,455	-
	<b>45,455</b>	<b>-</b>
<b>(c) Expenses</b>		
<b><i>(i) Finance costs</i></b>		
Bank loans and overdrafts	(124,584)	(77,083)
Finance charges payable under finance leases	(14,049)	(13,723)
Interest paid - related party	(116,621)	(920)
	<b>(255,254)</b>	<b>(91,726)</b>
<b><i>(ii) Depreciation and amortisation of non-current assets</i></b>		
Intangibles	(548)	(548)
Software	(13,109)	-
Buildings	(81,347)	(81,347)
Leasehold improvements	(5,534)	(5,534)
Plant and equipment	(83,098)	(83,413)
Leased plant and equipment	-	(7,985)
	<b>(183,636)</b>	<b>(178,827)</b>
<b><i>(iii) Employee benefits expense</i></b>		
Wages and salaries costs	(2,100,867)	(2,166,815)
Superannuation	(185,910)	(176,528)
Employee benefits provisions	(13,676)	(56,360)
	<b>(2,300,453)</b>	<b>(2,399,703)</b>
<b><i>(iv) Other significant expenses</i></b>		
Impairment of investment property (refer note 5)	(411,129)	-
Rental expense on operating leases	(344,221)	(349,965)
Cost of sales (2013 includes development property, refer note 4)	(1,654)	(3,455,964)
Bad debt - trade receivables	-	(507)



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 2: DISCONTINUED OPERATIONS

On 14 March 2013, the Group announced it had sold its wholly-owned subsidiaries, Administration Partners Pty Ltd and My Super Solutions Pty Ltd. The agreed consideration for the sale was \$1,000,000 payable in three instalments. As at 30 June 2013, two instalments comprising \$500,000 had been received as per the agreement, with the balance of \$500,000 received in January 2014.

The financial performance of the discontinued operation to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of profit or loss and comprehensive income, is as follows:

	2014	2013
	\$	\$
Revenue	-	417,836
Expenses	-	(473,514)
Profit / (loss) before income tax	-	(55,678)
Income tax expense	-	-
Profit / (loss) attributable to members of the parent entity	-	(55,678)
Profit on sale before income tax	-	1,008,072
Income tax expense	-	-
Profit on sale after income tax	-	1,008,072
Total profit / (loss) attributable to members of the parent entity	-	952,394

The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows:

	2014	2013
	\$	\$
Net cash inflow / (outflow) from operating activities	-	(25,682)
Net cash inflow / (outflow) from investing activities	500,000	501,704
Net cash inflow / (outflow) from financing activities	-	-
Net cash generated by discontinued operations	500,000	476,022

### NOTE 3: TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
<b>Current</b>		
Trade debtors	403,077	127,533
Other receivables	(a) 718,328	786,255
<b>Total trade and other receivables</b>	<b>1,121,405</b>	<b>913,808</b>

- (a) The directors have made an estimate of \$229,707 (2013: nil) in respect of the amount that they believe is receivable by the Group under the sharefarming arrangements with Dairy Farm Investments (Brucknell) Limited for the investment property held in Australian Dairy Farms Trust. The final allocation of revenue and expenses between the two properties (and owners) is yet to be completed. This allocation will be completed before lodgement of the audited Annual Report and any amendment to the receivable will be shown in this report.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 4: INVENTORIES

	Notes	2014 \$	2013 \$
<b>Current</b>			
Stock in trade at cost		9,388	6,154
		<b>9,388</b>	<b>6,154</b>
<b>Non-Current</b>			
Development property at lower of cost and NRV	(a)	1,326,178	1,320,000
		<b>1,326,178</b>	<b>1,320,000</b>
		<b>1,335,566</b>	<b>1,326,154</b>
<b>Movements during the year:</b>			
Opening Balance as at 1 July		1,320,000	4,482,468
Transfer to cost of goods sold		-	(3,162,468)
Development costs capitalised		6,178	-
<b>Development property as at 30 June</b>		<b>1,326,178</b>	<b>1,320,000</b>

(a) The group holds development property adjacent to its backpacker hostel property at Airlie Beach. The directors commissioned a valuation from Opteon (Central and Southern QLD) Pty Ltd for the year ended 30 June 2012, to assess independently the value of the land and of the other property assets at Airlie Beach. The valuer made an assessment recognising that the last 3-4 years had been challenging because of global economic conditions and valued the land at \$1,430,000. The directors considered the valuation assessment and elected to take a conservative approach to the valuation and include \$1,320,000 as the carrying value of the land at 30 June 2013. The directors have adopted the same valuation methodology at 30 June 2014.

### NOTE 5: INVESTMENT PROPERTY

	Notes	2014 \$	2013 \$
<b>CURRENT</b>			
Investment property at fair value		4,325,593	4,339,754
<b>Total investment property</b>		<b>4,325,593</b>	<b>4,339,754</b>
<b>Movements during the year:</b>			
Opening balance	(a)	4,339,754	-
Acquisition of investment property		-	4,339,754
Development costs capitalised		274,375	-
Plant and equipment		122,593	-
Impairment expense on property	(b)	(411,129)	-
<b>Total investment property</b>		<b>4,325,593</b>	<b>4,339,754</b>

(a) The Australian Dairy Farms Trust (formerly Dairy Farm Investments Trust; "Trust") was established on 27 February 2013 with Trustees Australia Limited appointed as trustee and owning 100% of the units issued. On establishment of the trust, Trustees Australia, as trustee, entered into a contract to acquire a dairy farm property at Brucknell Victoria which was completed on 15 June 2013. The \$4,339,754 in acquisition costs includes the purchase of land and buildings and related acquisition stamp duty and other costs capitalised. Since acquisition, enhancements have been made to the farm's infrastructure and integral plant and equipment. The farm is operated by Dairy Farm Investments (Brucknell) Limited under a sharefarming agreement, to manage the property and provide a return on the Trust's property investment.

(b) On 26 May 2014 an independent valuation was undertaken by Mr RM Cussen (certified practising valuer No 61961). The property was valued at \$4,203,000 excluding recent farm infrastructure enhancements and integral plant and equipment. The directors have adopted this valuation at 30 June 2014 and in accordance recorded an impairment of \$411,129.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 6: BIOLOGICAL ASSETS

	Notes	2014 \$	2013 \$
Dairy cattle - livestock mature - at fair value	(a)	702,200	-
<b>Total investment property</b>		<b>702,200</b>	<b>-</b>
<b>Movements during the year (herd numbers):</b>			
Purchases		408	-
Natural increase		95	-
Deaths		(22)	-
<b>Closing balance</b>		<b>481</b>	<b>-</b>

(a) Biological assets represent the dairy cattle herd located on the trust's investment property (see note 5). The cattle are valued at fair value, by an independent stock agent, based on the prices in the open cattle market in the locality of the property. A fair value adjustment of \$214,335 has been recognised in profit and loss at 30 June 2014, and represents the increase in value of the cattle due to market price and natural increases / decreases.

### NOTE 7: INTANGIBLE ASSETS

	2014 \$	2013 \$
Goodwill - at cost	226,316	226,316
less accumulated impairment losses	-	-
	<b>226,316</b>	<b>226,316</b>
Software - at cost	518,866	293,982
less accumulated amortisation	(13,109)	-
	<b>505,757</b>	<b>293,982</b>
Trademarks and patent - at cost	4,491	4,382
less accumulated amortisation	(3,836)	(3,288)
	<b>655</b>	<b>1,094</b>
<b>Total intangibles</b>	<b>732,728</b>	<b>521,392</b>

	Notes	Goodwill \$	Software \$	Trademarks \$	Total \$
Balance at 1 July 2013		226,316	293,982	1,094	521,392
Additions		-	224,884	109	224,993
Amortisation charge		-	(13,109)	(548)	(13,657)
<b>Balance at 30 June 2014</b>	(a)	<b>226,316</b>	<b>505,757</b>	<b>655</b>	<b>732,728</b>
Balance at 1 July 2012		226,316	44,125	1,642	272,083
Additions		-	249,857	-	249,857
Amortisation charge		-	-	(548)	(548)
<b>Balance at 30 June 2013</b>		<b>226,316</b>	<b>293,982</b>	<b>1,094</b>	<b>521,392</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 7: INTANGIBLE ASSETS (cont'd)

(a) As part of the annual review of holding values of all intangibles the directors have reviewed the carrying values of goodwill, software and trademarks and have adopted the current carrying values at 30 June 2014.

The development of new software systems across the Group are in the final stages of development and testing. The directors have reviewed the carrying value of the technology and elected to maintain the value at cost. Other than on a portion of completed software in Trustees Australia Limited this financial year, amortisation will commence in 2015 on completion and implementation of the new software systems.

Goodwill relates to the acquisition of subsidiary Rim Securities Limited and the recoverable amount of this goodwill has been assessed using "value in use" calculations for the financial services segment, with no indicators of impairment.

### NOTE 8: INVESTMENTS IN ASSOCIATES

	2014	2013
	\$	\$
<b>Non - current</b>		
Investment in associates	<u>1,448,275</u>	<u>1,642,583</u>

Interests are held in the following associated entities:

Name	Principal Activities	Country of Incorp.	Type	Ownership Interest		Carrying amount of investment	
				2014	2013	2014	2013
				%	%	\$	\$
<b>Unlisted:</b>							
Whitsunday Village Retail Property Trust No 1.	Investment Property Management	Aust	Units	42.92	42.92	1,052,939	1,247,247
<b>Listed</b>							
APA Financial Services Ltd	Asset Investment Portfolio Admin	Aust	Shares	33.58	33.58	395,336	395,336
						<b>1,448,275</b>	<b>1,642,583</b>

#### (i) Whitsunday Village Retail Property Trust No 1 (WVRPT)

The Group has a 42.92% (2013: 42.92%) interest in the WVRPT, which is an unlisted property trust that holds retail property located in Airlie Beach. This property adjoins the new Woolworths supermarket development and the primary pedestrian entrances to the new supermarket are from Shute Harbour Road through the shops owned by Whitsunday Village Retail Property Trust. These shops have already seen positive benefits from the Woolworths proximity through renewed lease terms, renegotiated rents for some existing tenancies and increased enquiry for availability. On 25 June 2014, the Trust was successful in selling a shop in the Centre, tenanted by a BWS liquor store on an attractive yield and firm interest has been received in the leasing of other tenancies which are expected to lead to additional potential sales of properties in the future.

#### (ii) APA Financial Services Limited (APA)

The Group has a 33.58% (2013: 33.58%) interest in APA, which is an ASX listed entity with a minority interest in OneVue Holdings Pty Limited, a portfolio administration platform provider for participants in the financial services industry that listed on the ASX in July 2014. APA has announced that it is undertaking a dairy farm aggregation project in conjunction with Australian Dairy Farms Trust, which is expected to result in a public offer capital raising and re-compliance with ASX listing rules. As part of that process, which is conditional upon APA shareholders' approval on 1 September 2014, there will be a 1 for 5 consolidation of existing APA shares on issue and a new issue of Stapled Securities comprised of one post-consolidation APA share and one unit in the Australian Dairy Farms Trust. Assuming the maximum subscription is raised under the public offer, Trustees will have a holding of 5.32% in Australian Dairy Farms Group plus a convertible note which will be convertible to 6,500,000 additional stapled securities at an issue price of 20 cents per security.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 8: INVESTMENTS IN ASSOCIATES (cont'd)

(a) The following table illustrates summarised financial information relating to the Group's investments in associates:

	2014	2013
	\$	\$
<b>Summarised presentation of Aggregate Assets, Liabilities and Performance of Associates:</b>		
Current assets	2,205,870	302,426
Non-current assets	4,750,000	6,277,380
	<b>6,955,870</b>	<b>6,579,806</b>
Current liabilities	4,018,887	2,963,933
Non-current liabilities	-	-
	<b>4,018,887</b>	<b>2,963,933</b>
<b>Net assets</b>	<b>2,936,983</b>	<b>3,615,873</b>
Revenue	754,692	762,855
Loss after income tax of associates	(37,606)	(122,672)

(b) Movements During the Year in Equity Accounted Investments in Associated Entities:

	2014	2013
	\$	\$
<b>Balance at beginning of the financial year</b>	1,642,583	1,754,858
Add:		
Share of associates profit / (loss) after income tax	165,775	(9,499)
Less:		
Distributions received and receivable from associated entity	(360,083)	(102,776)
<b>Balance at end of the financial year</b>	<b>1,448,275</b>	<b>1,642,583</b>

(c) Equity accounted profits of associates is broken down as follows:

	2014	2013
	\$	\$
Share of associates profit / (loss) before tax	165,775	(9,499)
Share of associates profit / (loss) after tax	165,775	(9,499)

(d) Market value of listed investment in associate

	2014	2013
	\$	\$
APA Financial Services Limited (APA)	245,772	286,734

The directors have shown the investment in APA at their estimate of carrying value of the company's underlying net assets on the basis that this assessment more accurately reflects the fair value of the investment.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Notes	2014 \$	2013 \$
<b>Land and buildings</b>			
Freehold land:			
- directors' valuation 2012		1,870,052	1,870,052
<b>Total land</b>		<b>1,870,052</b>	<b>1,870,052</b>
<b>Buildings</b>			
- directors' valuation 2012		2,561,223	2,561,223
less accumulated depreciation		(244,266)	(162,918)
<b>Total buildings</b>		<b>2,316,957</b>	<b>2,398,305</b>
<b>Total land and buildings, net</b>	(a)	<b>4,187,009</b>	<b>4,268,357</b>
<b>Plant and equipment owned</b>			
- at cost		1,876,481	1,822,148
less accumulated depreciation		(1,603,173)	(1,520,078)
<b>Total plant and equipment, net</b>		<b>273,308</b>	<b>302,070</b>
<b>Leasehold improvements</b>			
- at cost		59,916	59,916
Less accumulated amortisation		(44,187)	(38,654)
<b>Total Leasehold improvements, net</b>		<b>15,729</b>	<b>21,262</b>
<b>Total property, plant and equipment, net</b>		<b>4,476,046</b>	<b>4,591,689</b>

- (a) The directors commissioned a valuation from Opteon (Central and Southern QLD) Pty Ltd for the year ended 30 June 2012, to assess independently the value of the land and of the other property assets at Airlie Beach. The valuer made an assessment taking into account the long term trading history of the property and its current condition, while also recognising that the last 3-4 years have been challenging because of global economic conditions and valued the Magnums site and business at \$4,470,000. The directors then considered the valuation assessment, subsequent market information and further valuer data and elected to take a conservative approach to the valuation and retain the value of the land and buildings at 30 June 2013. The directors have adopted the same valuation methodology at 30 June 2014 less building depreciation for the year.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 10: BORROWINGS

	Notes	2014 \$	2013 \$
<b>Current</b>			
Loans - unsecured		90,706	40,882
CBA loan facility	(a)	2,250,000	2,250,000
Loans - related party	(b)	1,366,621	1,000,000
<b>Total current borrowings</b>		<b>3,707,327</b>	<b>3,290,882</b>

(a) At 30 June 2014 the Group has banking facilities with the Commonwealth Bank of Australia Limited secured by registered mortgages and floating charges over real estate and other assets of the Group. Included in the Commonwealth Bank of Australia facilities are:

- a one year loan facility of \$500,000 which has a maturity date of 5 December 2014. This facility was unutilised at 30 June 2014 (2013: nil). While the facility is made for a predetermined term it is subject to annual review of compliance with pre determined covenants;
- a one year loan facility of \$2,250,000 which had a maturity date of 14 June 2014 and was extended to 14 December 2014. This facility was established 14 June 2013 for the Australia Dairy Farms Trust and is fully utilised at 30 June 2014 (2013: \$2,250,000);
- a \$50,000 overdraft facility which was unutilised at 30 June 2014 (2013: nil);
- a \$55,000 bank guarantee facility which was unutilised at 30 June 2014 (2013: nil); and
- a \$25,000 bank guarantee facility that is fully drawn at 30 June 2014 (2013: \$25,000).

(b) The Australian Dairy Farms Trust has a secured loan facility of \$1,366,621 with Fiduciary Nominees Pty Ltd, of which Michael Hackett is a director, and interests associated with Michael Hackett. This facility is fully utilised at 30 June 2014 (2013: \$1,000,000). The facility has a maturity date of 31 December 2014.

### NOTE 11: RECONCILIATION OF CASH FLOWS FROM OPERATIONS TO NET PROFIT AFTER TAX

	2014 \$	2013 \$
<b>Loss after income tax (pre minority interest share)</b>	(933,944)	(324,432)
<b>Adjustment of non cash items</b>		
Amortisation and depreciation	183,636	178,827
Bad debts	-	507
Finance discount earned on sale of subsidiary	(45,455)	(506,367)
Share of associated entities net profit after income tax and dividends	(152,144)	112,275
Livestock fair value adjustment	(214,335)	-
Interest accrual - related party	116,621	-
Loss on sale of assets	-	4,494
Impairment of investment property	411,129	-
<b>Changes in assets and liabilities, net of the effects of movements in subsidiaries</b>		
Increase / (decrease) in provisions	23,001	30,770
(Increase) / decrease in receivables and other assets	(205,014)	(810,014)
(Increase) / decrease in inventories	(3,234)	3,159,097
Increase / (decrease) in trade creditors	487,301	159,572
<b>Net operating cash flows</b>	<b>(332,438)</b>	<b>2,004,729</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 12: CONTINGENT LIABILITIES

Trustees Australia Limited (TAU) made announcements to the ASX in October and November 2013 regarding a purported claim against TAU and APA Financial Services Limited (APA) by Technology Capital Pty Ltd, a former corporate adviser to DFI Management, a New Zealand company of which Mr Keith Jackson is a director. Mr Jackson is a proposed director of Australian Dairy Farms Limited and is a director of Dairy Farm Investments (Brucknell) Limited, the vendor of the Brucknell No 1 Farm in the dairy aggregation project.

Technology Capital alleges that TAU and APA have breached the terms of a confidentiality agreement said to exist between them, to have procured DFI Management to breach its mandate with Technology Australia, and that TAU and/or APA are liable for certain fees that Technology Capital claim to be entitled to, including a success fee of \$100,000, 6% of equity amounts raised by DFI Management and 2% of debt amounts raised by DFI Management.

No mandate exists between TAU and/or APA and Technology Capital, and TAU and APA do not believe that there is any sound basis for Technology Capital's claim, or that they have any material liability to Technology Capital.

No proceedings have been commenced against either TAU or APA. Any proceedings will be defended.

There are no other significant changes to contingencies reported at 30 June 2013.

### NOTE 13: RELATED PARTY TRANSACTIONS

All arrangements with related parties continue to be in place. For details of these arrangements refer to 30 June 2013 Annual Report and Note 10(b).

### NOTE 14: DIVIDENDS

No dividend has been paid or recommended during the reporting period.

### NOTE 15: DIVIDEND REINVESTMENT PLAN

The Group does not operate a Dividend Reinvestment Plan.

### NOTE 16: EARNINGS PER SHARE

	<b>2014</b>	<b>2013</b>
	<b>Cents</b>	<b>Cents</b>
<b>From continuing and discontinued operations</b>		
Basic earnings per share	(2.8)	(1.0)
Diluted earnings per share	(2.8)	(1.0)
<b>From continuing operations</b>		
Basic earnings per share	(2.8)	(3.9)
Diluted earnings per share	(2.8)	(3.9)
<b>From discontinued operations</b>		
Basic earnings per share	-	2.9
Diluted earnings per share	-	2.9
	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
<b>Weighted average number of ordinary shares</b>		
Used in the calculation of basic earnings per share	33,110,131	33,110,131
Used in the calculation of diluted earnings per share	33,110,131	33,110,131



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 17: NET TANGIBLE ASSET BACKING PER SECURITY

	<b>2014</b>	<b>2013</b>
	<b>Cents</b>	<b>Cents</b>
Net tangible asset backing per ordinary security	23.7	27.2

### NOTE 18: LOSS OR GAIN OF CONTROL OVER OTHER ENTITIES

There was no loss or gain of control over other entities during this financial year.

### NOTE 19: ASSOCIATES OR JOINT VENTURES

Refer to Note 8 for further details.

### NOTE 20: OTHER SIGNIFICANT INFORMATION

Refer to the Commentary on Annual Results.

Trustees Australia Limited has announced a dairy farm strategy involving its wholly owned entity, Australian Dairy Farms Trust and APA Financial Services Limited (APA) – an ASX listed group. Under that strategy the trust will be recapitalised and stapled with APA and the restructured group is to be listed on ASX as a stapled security under the name Australian Dairy Farms Group on or about 1 October 2014 – full details of the dairy farm strategy are outlined in APA's Meeting Booklet dated 1 August 2014 and released to ASX on that day.

Announcements made to the ASX by APA and TAU on 14 August 2014 advised that the Australian Dairy Farms Group has received firm commitments of new capital amounting to \$8.5 million, which is in excess of the minimum subscription for the proposed capital raising.

The main assets of the trust are investment property (note 5) and biological assets (note 6). These assets will be deconsolidated from the Group at the time of the restructuring.

### NOTE 21: FOREIGN ENTITIES

Not applicable.

### NOTE 22: ORDINARY SECURITIES

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Fully paid listed shares	33,110,131	33,110,131
Total at the end of the reporting period	<u>33,110,131</u>	<u>33,110,131</u>

### NOTE 23: AUDIT STATUS

This Appendix 4E has been prepared from accounts which are in the process of being audited. As noted elsewhere in this report, the Annual Report and audit completion will be finalised following the final allocation of revenue and expenses under the sharefarming arrangements with Dairy Farm Investments (Brucknell) Limited. Subject to this there is no reason to believe that the Auditor's Report, when complete, will contain any qualification or material amendment.

The financial statements have been prepared in accordance with the accounting policies outlined in the June 2013 and December 2013 financial reports.