

INTERIM FINANCIAL REPORT

For the Half-Year ended 31 December 2013

CONTENTS

APPENDIX 4D.	3
DIRECTORS' REPORT.	4
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME. .	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENT OF CASH FLOWS.	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
NOTES TO THE FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	20
AUDITOR'S INDEPENDENCE DECLARATION.	21
INDEPENDENT AUDITOR'S REVIEW REPORT	22
CORPORATE DIRECTORY	24

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2013

(All comparisons to half-year ended 31 December 2012)

	%	\$000	\$000
	Change	December 2013	December 2012
Revenues from ordinary activities	0%	2,007	2,014
Profit from ordinary activities after tax attributable to members	54%	(238)	(516)
Net profit for the period attributable to members	54%	(238)	(516)
		cents	cents
Net tangible asset backing per security		26.1	27.2

Dividend Information	Amount per Share (Cents)	Franked Amount per Share (Cents)	Tax Rate for Franking (%)
Final dividend	Nil	Nil	Nil
Interim dividend	Nil	Nil	Nil
Record date			Not Applicable

The group does not have any dividend re-investment plan in operation.

Loss or gain of control over other entities

There was no loss or gain of control over other entities during the period.

Associates

	%	%
	holding	holding
Whitsunday Village Retail Property Trust No 1	42.92	42.92
APA Financial Services Limited	33.58	33.58
	\$,000	\$,000
Aggregate share of net profit from the associates listed above	10	55

Audit Status

This report has been subject to audit review. There is no dispute or qualification to report.

Refer to the Directors' Report and Interim Financial Report for additional information.

DIRECTORS' REPORT

The board of directors of Trustees Australia Limited (Trustees Australia) submits to members the Interim Financial Report of the company and its controlled entities (group) for the half-year to 31 December 2013.

PRINCIPAL ACTIVITIES AND CHANGES IN THE NATURE OF THOSE ACTIVITIES

The principal activities of the group during the half-year 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;
- a 43% interest in the Whitsunday Village Retail Property No 1 (WVRPT), a managed investment scheme holding retail shops at Airlie Beach; and
- investment property ownership in Dairy Farm Investments 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.

Aside from the investment in the dairy industry, which is undertaken as part of the group's Responsible Entity activity services and in relation to its investment in APA Financial Services Limited, there has been no significant change in the nature of the consolidated group's activities during the half-year.

OPERATING RESULTS

The consolidated net loss attributed to members of Trustees Australia, after providing for income tax and eliminating outside equity interests, was \$236,545 (2012: \$515,434). The group revenue and other income had a small decrease of \$7,739 compared to last year whilst there was a net reduction in expenses across the group totalling \$285,951, predominately from a \$242,744 reduction in employment costs.

Trading conditions for the operating entities in the group have generally improved during the last half year and are showing positive signs for the future. Several projects relating to intellectual property development have progressed well and are approaching the stage where new or expanded business can be developed while testing continues. These projects relate to the company's financial services activities primarily but also include the backpacker and tour sales business.

As reported, various assets have been sold and strategies are being developed for possible restructure of the group when opportunities present. This will require the continuation of the business rationalisation and consolidation process while also focusing on the implementation of the strategy for greater participation in the fixed income, custody, trustee and responsible entity market in Australia.

REVIEW OF OPERATIONS

TOURISM AND HOSPITALITY SERVICES SEGMENT

• MAGNUMS AIRLIE BEACH BACKPACKERS

Tourism in regional areas including at Airlie Beach continued to be challenging. Magnums Backpackers continues to be the dominant facility in the town and its location adjacent to the new Woolworths in the centre of the township is expected to further strengthen this position. Turnover levels have stabilised over 2013 and the recently moderating currency exchange level is positive.

However by any measure, Australia has become an expensive tourism destination with high wages and property costs and this is expected to continue to present challenges to both operations as well as to property values. Cheaper destinations in South East Asia and other off-shore regions continue to present strong competition for attracting both domestic and international travellers to Australian destinations.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (cont'd)

FINANCIAL SERVICES SEGMENT

- CUSTODY, RESPONSIBLE ENTITY AND TRUSTEE SERVICES

During the financial period Trustees Australia has continued to build its systems capability and administration of financial assets for custody, responsible entity and trustee services. There has been a concentration on asset custody and administration which is substantially automated and complements other business segments such as RIMsec. The company is investigating partnership opportunities in the custody and responsible entity markets to capitalise on the enhanced systems development.

- FIXED INTEREST SPECIALISTS (RIMSEC)

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.

During the half-year to 31 December 2013, there have been a number of changes to the personnel and product offerings in the emerging Australian fixed interest markets and directors are hopeful that RIMsec will show considerable improvement in the next two years as a result.

- OTHER EQUITY INTERESTS (APA)

The group holds an investment of 33% in APA Financial Services Limited (APA) which is an ASX listed entity that holds an investment of approximately 1.85% of administration services provider OneVue Holdings Limited (OneVue). OneVue is well advanced in its plans to seek ASX listing via an initial public offering, expected to complete in the first half of calendar 2014.

APA is also at an advanced stage in plans to undertake an aggregation of dairy farms and operations using a property trust and an operations entity and to recapitalise via a public-offer capital raising. It is intended that following a meeting of APA shareholders to consider the change of activity, name and corporate structure, APA will relist as part of a stapled group security comprising a unit in the property trust which will hold the farm real properties stapled with a share in APA which will undertake the operations and management of the farms

Michael Hackett (Trustees Australia Managing Director) is a director of APA. As the major shareholder in APA, Trustees Australia has been actively involved in the process of restructuring and recapitalising the current APA company. Trustees Australia also acts as the trustee of the property trust entity (Dairy Farm Investments Trust) which has acquired a dairy farm in the Warrnambool region of Victoria. Subject to various conditions, including APA being recapitalised and re-complying with Chapters 1 and 2 of the ASX Listing Rules, it is anticipated that in the role of trustee or responsible entity Trustees Australia will enter into conditional contracts to acquire additional farms on both a freehold and leasehold basis.

As part of the recapitalisation of APA and its re-compliance with ASX listing rules, the APA board will be progressively restructured so that it is able to focus on the company's changed investment activities and business strategy.

Trustees Australia shareholders will be offered an opportunity to participate in the public offer of the stapled securities in the rebadged APA.

PROPERTY SEGMENT

- WHITSUNDAY VILLAGE PROPERTY TRUST

The group 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 scheduled to open officially on 25 March 2014, the primary pedestrian entrances to which will be 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 interest in renewed lease terms, renegotiated rents for some existing tenancies and increased enquiry for availability.

Rental activity at Airlie Beach has been subdued for several years and it is hoped that the new supermarket will have a positive effect on both retail rentals and sales.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (cont'd)

• DAIRY FARM INVESTMENTS TRUST

As part of the process of recapitalising APA, of which Trustees Australia is a substantial shareholder, the Dairy Farm Investments Trust (the Trust) was established in February 2013 with Trustees Australia, as trustee.

It is intended that APA and the Trust will jointly undertake a public offer capital raising for stapled securities in the revamped APA Group with each stapled security comprising one unit in the Trust and one share (post-consolidation of existing capital) in APA. The change in activity and scale requires approval of shareholders of APA and a name change will also be made.

After establishment in February 2013, the Trust entered into a contract to acquire a dairy farm property at Brucknell Victoria (First Farm), which completed in June 2013 as previously reported. Subsequently the Trust has entered into a contract to acquire an adjoining farm, which is conditional upon the successful recapitalisation and recompliance of the APA Stapled Group.

The Trust obtained limited recourse funding for the acquisition of the First Farm from the Commonwealth Bank (CBA) and Trustees Australia and interests associated with Managing Director, Michael Hackett jointly provided additional short-term interim funding for the Dairy Farm Investments Trust on an arms-length basis. On the successful recapitalisation of the APA Stapled Group as referred to in this report, funds provided as interim funding are expected to be repaid in full. Refer to Note 11 for further detail. A combination of new capital and borrowings is intended to be used in the completion of the adjoining farm.

As announced by APA, in order to progress the dairy farm aggregation project, the APA directors have decided to recommend to shareholders that the company proceed with the proposal in stages with the first one being the completion of all necessary change of activity and ASX re-compliance resolutions, including the settlement of the acquisition of the dairy farm held by the Dairy Farm Investments Trust as reported in Note 7. It is expected that the notice of meeting to commence this process will be lodged with ASX and circulated to shareholders in coming months.

INFORMATION ON DIRECTORS

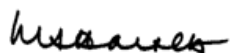
The following persons held office as directors of the group during or since the end of the half-year. The names and details of the directors are:

Name	Position	Appointed
Michael Hackett	Managing Director / Acting Chairman	25 July 1986
Kerry Daly	Director	17 March 2009
Nathan Leman	Director	24 November 2010

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under S 307C of the Corporations Act 2001 is set out on page 21 for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the board of directors.



Michael Leslie Hackett

Managing Director / Acting Chairman

Brisbane

27 February 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

		December 2013	December 2012
	Notes	\$	\$
Revenue		1,961,183	1,694,380
Other income		45,455	-
Business operating expenses		(391,430)	(383,528)
Employment expenses		(1,207,220)	(1,226,495)
Finance costs		(117,290)	(33,423)
Property operating expenses		(297,429)	(459,381)
Other expenses		(241,165)	(112,007)
Share of net profit from associate		10,131	55,001
Loss before income tax		(237,765)	(465,453)
Income tax benefit /(expense)		-	-
Loss for the period from continuing operations	2	(237,765)	(465,453)
Discontinued operations			
Loss from discontinued operations after tax	3	-	(50,524)
Net loss for the period		(237,765)	(515,977)
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Net gain / (loss) on revaluation of financial assets		(9,065)	51,815
Income tax relating to items that may be subsequently reclassified		-	-
		(9,065)	51,815
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income / (loss) for the period, net of tax		(9,065)	51,815
Total comprehensive income / (loss) for the period, net of tax		(246,830)	(464,162)
Profit / (loss) attributable to:			
Members of the parent entity		(236,545)	(515,434)
Non-controlling interest		(1,220)	(543)
		(237,765)	(515,977)
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(245,610)	(463,619)
Non-controlling interest		(1,220)	(543)
		(246,830)	(464,162)
Earnings per share:			
From continuing and discontinued operations			
Basic earnings per share (cents)		(0.7)	(1.6)
Diluted earnings per share (cents)		(0.7)	(1.6)
From continuing operations			
Basic earnings per share (cents)		(0.7)	(1.4)
Diluted earnings per share (cents)		(0.7)	(1.4)
From discontinued operations			
Basic earnings per share (cents)		-	(0.2)
Diluted earnings per share (cents)		-	(0.2)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	December 2013 \$	June 2013 \$
Current Assets			
Cash and cash equivalents		406,601	818,055
Trade and other receivables		1,261,292	913,808
Inventories	6	5,535	6,154
Investment Property	7	4,502,129	4,339,754
Other current assets		328,736	393,101
Total Current Assets		6,504,293	6,470,872
Non-Current Assets			
Inventories	6	1,320,000	1,320,000
Other financial assets		19,955	29,020
Intangibles	8	653,548	521,392
Biological assets	9	492,638	-
Investments in associates	10	1,639,084	1,642,583
Property, plant & equipment		4,559,103	4,591,689
Total Non-Current Assets		8,684,328	8,104,684
Total Assets		15,188,621	14,575,556
Current Liabilities			
Trade and other payables		1,604,587	1,187,128
Borrowings	11	3,713,616	3,290,882
Provisions		33,245	31,058
Total Current Liabilities		5,351,448	4,509,068
Non-Current Liabilities			
Trade and other payables		404,379	392,338
Provisions		153,580	148,106
Total Non-Current Liabilities		557,959	540,444
Total Liabilities		5,909,407	5,049,512
Net Assets		9,279,214	9,526,044
Equity			
Issued capital		4,058,525	4,058,525
Reserves		17,704	26,769
Retained earnings		5,202,018	5,438,563
Parent entity interest		9,278,247	9,523,857
Non-controlling interest		967	2,187
Total Equity		9,279,214	9,526,044

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	December 2013	December 2012
Notes	\$	\$
Cash Flows from Operating Activities		
Receipts from customers	1,941,772	2,116,081
Payments to suppliers and employees	(1,837,313)	(2,417,908)
Trust distributions	13,630	40,890
Interest received	5,919	647
Finance costs	(64,510)	(33,423)
Net operating cash flows	59,498	(293,713)
Cash Flows from Investing Activities		
Payment for property, plant & equipment	(53,460)	(12,394)
Payment for development costs - AC2 land	-	(109,596)
Payment for intangible assets - software	(132,432)	(86,252)
Payment for biological assets	(492,638)	-
Payment for capital development - investment property	(162,375)	-
Net investing cash flows	(840,905)	(208,242)
Cash Flows from Financing Activities		
Proceeds from bank loan facility	-	400,000
Proceeds from other borrowings	454,980	154,860
Repayment of borrowings	(85,027)	(63,953)
Net financing cash flows	369,953	490,907
Net increase / (decrease) in cash held	(411,454)	(11,048)
Cash at the beginning of the period	818,055	126,538
Cash at the end of the financial period	406,601	115,490

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Non- Controlling Interests	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2012	4,058,525	3,649	5,311	5,759,866	9,827,351
Comprehensive income for the period					
Loss attributable to members of parent entity	-	-	-	(515,434)	(515,434)
Loss attributable to non-controlling interests	-	-	(543)	-	(543)
Other comprehensive income	-	51,815	-	-	51,815
Total comprehensive income / (loss) for the period	-	51,815	(543)	(515,434)	(464,162)
Balance at 31 December 2012	4,058,525	55,464	4,768	5,244,432	9,363,189

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Non- Controlling Interests	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2013	4,058,525	26,769	2,187	5,438,563	9,526,044
Comprehensive income for the year					
Loss attributable to members of parent entity	-	-	-	(236,545)	(236,545)
Loss attributable to non-controlling interests	-	-	(1,220)	-	(1,220)
Other comprehensive loss	-	(9,065)	-	-	(9,065)
Total comprehensive income / (loss) for the year	-	(9,065)	(1,220)	(236,545)	(246,830)
Balance at 31 December 2013	4,058,525	17,704	967	5,202,018	9,279,214

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the group for the year ended 30 June 2013, together with any public announcements made during the half-year.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below. The critical estimates and judgments in these financial statements are consistent with those applied and disclosed in the June 2013 annual report.

(c) New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period

For the half-year reporting period to 31 December 2013, the following revised accounting standards became mandatory for the first time. A discussion of relevant new and revised requirements and its impact on the group is provided below.

(i) Consolidated financial statements and disclosure of interests in other entities

The group has adopted the following new and revised Australian Accounting Standards from 1 July 2013 together with consequential amendments to other Standards:

- o AASB 10: Consolidated Financial Statements;
- o AASB 127: Separate Financial Statements (August 2011);
- o AASB 128: Investments in Associates and Joint Ventures (August 2011);
- o AASB 12: Disclosure of Interests in Other Entities;
- o AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards; and
- o AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The group has applied these Accounting Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the specific transition requirements in AASB 10 and AASB 11.

The effects of initial application of these Standards in the current half-year reporting period are as follows:

- Consolidated financial statements:

AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now assessed as being controlled by the group, and were therefore not previously consolidated, are measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: Business Combinations) from the date when the group obtained control of that investee on the basis of the requirements in AASB 10.

Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012–2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(d).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Disclosure of interest in other entities:

AASB 12 is the Standard that addresses disclosure requirements of AASB 10, AASB 11, AASB 127 and AASB 128. New disclosures that are material to this interim financial report and associated with the group's interests in subsidiaries and joint arrangements as prescribed by AASB 12 have been set out in Note 10.

(ii) *Fair value measurements and disclosures*

The group has adopted AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. Although these Standards do not significantly impact the fair value amounts reported in the group's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as set out in Note 1(e), should be incorporated in these financial statements.

(iii) *Other*

Other new and amending Standards that became applicable to the group for the first time during this half-year reporting period are as follows:

AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.

These Standards make changes to presentation and disclosure requirements, but did not affect the group's accounting policies or the amounts reported in the financial statements.

(d) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Trustees Australia Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as "non-controlling interests". The group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(e) Fair Value of Assets and Liabilities

The group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Fair Value of Assets and Liabilities (cont'd)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Fair Value Disclosures

The group's land and buildings is included in the statement of financial position with a net book value of \$4,227,349 (June 2013: \$4,268,357). The book value is a directors' valuation based on an independent valuation and market assessment (level 1 hierarchy) taken at 30 June 2013 - refer to note 14 in the 2013 annual report.

The group's biological assets is included in the statement of financial position with a net book value of \$492,638 (June 2013: \$nil). The book value is based on current prices in the dairy cattle market (level 1 hierarchy).

(f) Biological assets - dairy cattle

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Changes in the measurement of fair value less cost to sell are included in profit or loss for the period in which they arise. All costs incurred in maintaining the assets are included in profit or loss for the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 2: RESULT FOR THE PERIOD

	December 2013	December 2012
	\$	\$
The following expense items are relevant in explaining the financial performance for the interim period.		
Accrual of property disposal costs	-	72,064

NOTE 3: DISCONTINUED OPERATIONS

On 14 March 2013, the group sold its wholly-owned subsidiaries, Administration Partners Pty Ltd and My Super Solutions Pty Ltd.

(a) The financial performance of the discontinued operation for the half-year to 31 December 2012, which is included in profit/(loss) from discontinued operations per the statement of profit or loss and other comprehensive income, is as follows:

	2013	2012
	\$	\$
Revenue	-	319,997
Expenses	-	(370,521)
Profit / (loss) before income tax	-	(50,524)
Income tax expense	-	-
Profit / (loss) attributable to members of the parent entity	-	(50,524)

(b) The net cash flows of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow / (outflow) from operating activities	-	(52,683)
Net cash inflow / (outflow) from investing activities	-	(727)
Net cash inflow / (outflow) from financing activities	-	-
Net cash generated by discontinued operations	-	(53,410)

NOTE 4: RELATED PARTIES

All arrangements with related parties continue to be in place. For details of these arrangements, refer to 30 June 2013 Annual Financial Report.

NOTE 5: CONTINGENT LIABILITIES

On the 25 October 2013, the company received a letter from solicitors representing Technology Capital Pty Ltd, a consultant to one of the parties involved in the dairy aggregation project indicating that Technology Capital Pty Ltd believed it may have a future claim against the company in respect of matters relating to amounts claimed to be payable to other parties to the proposed project. An announcement was made to the ASX advising that the directors were of the view that there is no valid claim that could be envisaged and directors remain of that view. The company responded accordingly to the solicitors for the claimant on or about 29 November 2013.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 6: INVENTORIES

	December 2013	June 2013
Notes	\$	\$
Current		
Stock in trade at cost	5,535	6,154
Total current inventories	5,535	6,154
Non-current		
Development property at lower of cost and NRV	(a) 1,320,000	1,320,000
Total non-current inventories	1,320,000	1,320,000
Total inventories	1,325,535	1,326,154
(a) Movements during the period:		
Opening balance as at 1 July	1,320,000	4,482,468
Transfer to cost of goods sold	-	(3,162,468)
Development property closing balance	1,320,000	1,320,000

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 2013, 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 31 December 2013.

NOTE 7: INVESTMENT PROPERTY

	December 2013	June 2013
	\$	\$
Investment property at cost	4,502,129	4,339,754
Total investment property	4,502,109	4,339,754
Movements during the period:		
Opening balance as at 1 July	4,339,754	-
Acquisition of investment property	-	4,339,754
Development costs capitalised	162,375	-
Closing balance	4,502,129	4,339,754

NOTE 8: INTANGIBLE ASSETS

	December 2013	June 2013
	\$	\$
Goodwill - at cost	226,316	226,316
less accumulated impairment losses	-	-
	226,316	226,316
Software - at cost	426,305	293,982
less accumulated amortisation	-	-
	426,305	293,982
Trademarks and patent - at cost	4,491	4,382
less accumulated amortisation	(3,564)	(3,288)
	927	1,094
Total intangibles	653,548	521,392

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 9: BIOLOGICAL ASSETS

	December 2013	June 2013
	\$	\$
Dairy cattle livestock - mature	492,638	-
Total biological assets	492,638	-

Reconciliation of number of cattle held:

Opening balance as at 1 July	-	-
Purchases	406	-
Closing balance	406	-

Biological assets comprise the dairy cattle acquired by the group in the period. The cattle are located on the group's dairy farm investment property (see note 7) and form part of the farm asset which is managed by Dairy Farm Investments (Brucknell) Limited pursuant to a share-farming agreement.

At 31 December 2013 the group had 406 cattle and the carrying value of the cattle is determined by reference to current market price.

NOTE 10: INVESTMENTS IN ASSOCIATES

	December 2013	June 2013
	\$	\$
Non-current		
Investment in associates	<u>1,639,084</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	
				Dec 2013	June 2013	Dec 2013	June 2013
				%	%	\$	\$
Unlisted:							
Whitsunday Village Retail Property Trust No 1.	Investment Property Management	Aust	Units	42.92	42.92	1,243,748	1,247,247
Listed							
APA Financial Services Limited	Asset Investment Portfolio Admin	Aust	Shares	33.58	33.58	395,336	395,336
						1,639,084	1,642,583

Whilst the group has a significant equity interest in Whitsunday Village Retail Property Trust No 1 (WVRPT) and APA Financial Services Limited (APA), the directors have determined that:

- Trustees Australia Limited does not control WVRPT, notwithstanding that the company is the Responsible Entity because the group's holding in WVRPT is not a majority holding and the constitution of WVRPT and the Corporations Act requires major transactions relating to trust assets to be approved by unitholders; and
- In respect of APA, the group does not control APA because it does not hold a majority interest and decisions are made by an independent board of APA directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 11: BORROWINGS

		December 2013	June 2013
	Notes	\$	\$
Current			
Loans - unsecured		160,836	40,882
CBA loan facility	(b)	2,250,000	2,250,000
Loans - related party	(c)	1,302,780	1,000,000
Total current borrowings		3,713,616	3,290,882

(a) At 31 December 2013 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 31 December 2013 (June 2013: \$nil). The facility is subject to compliance with pre-determined covenants;
- a \$50,000 overdraft facility which was unutilised at 31 December 2013 (June 2013: \$nil);
- a \$55,000 bank guarantee facility which was unutilised at 31 December 2013 (June 2013: \$nil); and
- a \$25,000 bank guarantee facility that is fully drawn at 31 December 2013 (June 2013: \$25,000).

Collateral provided:

	2013	2012
	\$	\$
The carrying amounts of assets pledged as security are:		
First mortgage over freehold land and buildings at market value (including development property)	5,547,349	5,588,357
Floating charge over assets, including unlisted investments	9,641,272	8,987,199
Total assets pledged as security	15,188,621	14,575,556

- (b) The Dairy Farm Investments Trust has a secured one year limited-recourse loan facility of \$2,250,000 with the Commonwealth Bank of Australia which has a maturity date of 14 June 2014. This facility is fully utilised at 31 December 2013 (June 2013: \$2,250,000). The loan is secured by a first mortgage over the farm land and buildings at Brucknell Victoria with collateral provided of \$4,502,129.
- (c) The Dairy Farm Investments Trust has an interim loan arrangement with the DFIT Interim Facility Trust which is funded by the group and related entities of Michael Hackett, a director of the group. Advances made under this arrangement had a balance of \$1,302,780 at 31 December 2013 (June 2013: \$1,000,000). The loan provided is secured by a second mortgage over the farm land and buildings at Brucknell Victoria and all units of the Dairy Farm Investments Trust and DFIT Interim Facility Trust. The facility is due for repayment on or before 14 June 2014 and bears interest at 8% per annum. Collateral provided as security is \$4,502,129 subject to priority rights of the first mortgagee.

NOTE 12: EVENTS AFTER THE BALANCE DATE

Other than the matters referred to in the directors report, in relation to the group dairy farm interests, as being expected to occur during the coming months after the date of this report, the directors are not aware of any other significant likely events to occur post 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 13: SEGMENT INFORMATION

(i) Segment Performance	Tourism & Hospitality Services	Property	Financial Services	Total
Six months ended 31 December 2013				
Revenue	\$	\$	\$	\$
External sales	967,391	77,618	955,710	2,000,719
Inter-segment sales	-	-	-	-
Interest revenue	132	-	5,787	5,919
Total segment revenue	967,523	77,618	961,497	2,006,638
Reconciliation of segment revenue to group revenue				
Inter-segment elimination				-
Total group revenue				2,006,638
Segment net profit / (loss) before tax	278,407	(78,231)	323,383	523,559
Reconciliation of segment result to group net profit / (loss) before tax				
(i) Amounts not included in segment result but reviewed by the board:				
Depreciation and amortisation	(73,054)	-	(13,994)	(87,048)
(ii) Unallocated items				
Corporate charges				(671,436)
Finance costs				(2,840)
Net loss before tax				(237,765)
Six months ended 31 December 2012				
Revenue				
External sales	978,264	-	715,469	1,693,733
Inter-segment sales	-	-	-	-
Interest revenue	48	-	599	647
Total segment revenue	978,312	-	716,068	1,694,380
Reconciliation of segment revenue to group revenue				
Revenue from discontinued operations				319,997
Total group revenue				2,014,377
Segment net profit / (loss) before tax	270,584	6,201	50,356	327,141
Reconciliation of segment result to group net profit/(loss) before tax				
(i) Amounts not included in segment result but reviewed by the board:				
Depreciation and amortisation	(73,188)	-	(19,713)	(92,901)
(ii) Unallocated items				
Corporate charges				(668,368)
Finance costs				(31,325)
Loss on discontinued operations				(50,524)
Net loss before tax				(515,977)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 13: SEGMENT INFORMATION (cont'd)

	Tourism & Hospitality Services	Property	Financial Services	Total
(ii) Segment Assets				
As at 31 December 2013	\$	\$	\$	\$
Segment assets	4,783,398	7,702,745	2,702,478	15,188,621
Segment asset increases for the period:				
Capital expenditure	53,460	655,013	132,432	840,905
Included in segment assets are				
Equity accounted associates	-	1,243,748	395,336	1,639,084
Reconciliation of segment assets to group assets				
Segment assets				15,188,621
Unallocated assets				-
Total group assets				15,188,621
As at 30 June 2013	\$	\$	\$	\$
Segment assets	4,674,467	6,915,073	2,986,016	14,575,556
Segment asset increases for the period:				
Capital expenditure	32,400	4,339,754	249,857	4,622,011
Included in segment assets are				
Equity accounted associates	-	1,247,247	395,336	1,642,582
Reconciliation of segment assets to group assets				
Segment assets				14,575,556
Unallocated assets				-
Total group assets				14,575,556
(iii) Segment Liabilities				
As at 31 December 2013				
Segment liabilities	549,828	3,545,454	909,959	5,005,241
Reconciliation of segment liabilities to group liabilities				
Unallocated liabilities				
Other liabilities				904,166
Total group liabilities				5,909,407
As at 30 June 2013				
Segment liabilities	311,645	3,275,142	681,618	4,268,405
Reconciliation of segment liabilities to group liabilities				
Unallocated liabilities				
Other liabilities				781,107
Total group liabilities				5,049,512



DIRECTORS' DECLARATION

For the half-year ended 31 December 2013

In accordance with a resolution of the directors of Trustees Australia Limited, the directors of the company declare that :

- (a) the financial statements and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
- (b) 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.

A handwritten signature in black ink, appearing to read "Michael Hackett".

Michael Leslie Hackett
Chairman

Brisbane

27 February 2014



Hayes Knight
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd
ABN 49 115 281 722
Registered Audit Company 299289

Level 19, 127 Creek Street, Brisbane Qld 4000
GPO Box 1189, Brisbane Qld 4001

T: +61 7 32292022 F: +61 7 32293277
E: email@hayesknightqld.com.au

www.hayesknight.com.au

Auditor's Independence Declaration Under Section 307C of the *Corporations Act 2001*

To the Directors of Trustees Australia Limited

As lead auditor for the review of Trustees Australia Limited for the half year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Trustees Australia Limited and the entities it controlled during the period.

Hayes Knight Audit (Qld) Pty Ltd

N D Bamford
Director

Date: 27 February 2014



Hayes Knight
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd
ABN 49 115 261 722
Registered Audit Company 299289

Level 19, 127 Creek Street, Brisbane Qld 4000
GPO Box 1189, Brisbane Qld 4001

T: +61 7 32292022 F: +61 7 32293277
E: email@hayesknightqld.com.au

www.hayesknight.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRUSTEES AUSTRALIA LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Trustees Australia Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-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 half-year end or from time to time during the financial period.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Trustees Australia Limited's financial position as at 31 December 2013 and its performance for the half-year ended on that date, and complying with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Trustees Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

An independent Member of the Hayes Knight Group and Morison International

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRUSTEES AUSTRALIA LIMITED (CONTINUED)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Trustees Australia Limited as attached to the director's report, has not changed as at the time of this auditor's review report.

Conclusion

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Level 19, 127 Creek Street,
Brisbane, QLD, 4000

Date: 27 February 2014

CORPORATE DIRECTORY

Board of Directors

Michael Hackett (B.Com, FCA)
Managing Director / Acting Chairman

Kerry Daly (B.Bus, CPA)
Director

Nathan Leman
Director

Company Secretary

Elizabeth Hackett
Company Secretary

Registered Office

Level 1, 41 Edward Street
Brisbane QLD 4000

Telephone: (07) 3020 3020
Facsimile: (07) 3020 3080
Email: shareholders@trusteesau.com.au
Web: www.trusteesau.com.au

Corporate Office

Level 1, 41 Edward Street
Brisbane QLD 4000

GPO Box 6
Brisbane QLD 4001
Telephone: (07) 3020 3020
Facsimile: (07) 3020 3080
Email: mail@trusteesau.com.au
Web: www.trusteesau.com.au

Share Register

Boardroom Limited
PO Box R67
Royal Exchange
Sydney NSW 1223

Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664
Email: registries@registries.com.au
Web: www.boardroomlimited.com.au

Auditor

Hayes Knight Audit (Qld) Pty Ltd
Level 19
127 Creek Street
Brisbane QLD 4000

Telephone: (07) 3229 2022
Facsimile: (07) 3229 3277
Email: audit@hayesknightqld.com.au
Web: www.hayesknightqld.com.au

Stock Exchange

Trustees Australia is listed on the official List of the Australian Securities Exchange Limited (ASX)

The ASX Code is "TAU".