

THE TRUST COMPANY LIMITED (FORMERLY TRUST COMPANY LIMITED)

ACN 004 027 749

FINANCIAL REPORT

APPENDIX 4D

FOR THE HALF YEAR ENDED 31 AUGUST 2010

THE TRUST COMPANY LIMITED

ASX Appendix 4D

Results for announcement to the market

(i) Changes from the half year ended 31 August 2009 to the half year ended 31 August 2010.

	31-Aug-10	Movement	
	\$'000		
Total revenue from continuing operations	28,882	up	5%
Profit attributable to members of the parent entity	5,479	down	-2%

(ii) Net tangible asset per security

	31-Aug-10	28-Feb-10
	\$'000	\$'000
Net tangible asset per security	2.30	2.27

(iii) Dividend information

	Cents
	per share
Final dividend (paid on 25 May 2010 - fully franked)	16.5
Interim dividend (record date 27 October 2010, payable on 11 November 2010 - fully franked)	17.0
Total	33.5

The dividend reinvestment plan is currently suspended and is not proposed to be used for the interim dividend distribution.

See Note 5 to the financial statements for further details of dividends paid and payable.

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

Entities over which control has been gained during the half year ended 31 August 2010:

Name: Real Estate Capital Partners Managed Investments Limited
Date of acquisition: 31 May 2010

There was no loss of control of any entities during the half year ended 31 August 2010.

(v) Details of associates and joint venture entities

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

(vi) Compliance statement

This report is based on the consolidated half year financial report which has been subject to a review by the auditors.

THE TRUST COMPANY LIMITED

Directors' report

The Directors of The Trust Company Limited ("The Trust Company" or the "Company") submit herewith the financial report of the Company and its controlled entities (the "Group") for the half year ended 31 August 2010. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

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

Bruce Corlett (Chairman, Non-Executive Director)

John Atkin (Chief Executive Officer)

John Macarthur-Stanham (Vice Chairman, Non-Executive Director)

Roger Davis (Non-Executive Director)

James King (Non-Executive Director)

Warren McLeland (Non-Executive Director)

Josephine Sukkar (Non-Executive Director) (Appointed 26 March 2010)

Principal activities

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

The Group provide a wide range of financial services which include:

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

The Trust Company has offices in Sydney, Melbourne, Brisbane, Townsville, Perth and Singapore, with around 220 employees and a market capitalisation of approximately \$183 million as at 31 August 2010.

Changes in state of affairs

On 21 June 2010, the Company changed its name from 'Trust Company Limited' to 'The Trust Company Limited'.

Business combinations

On 31 May 2010, the Company completed the transaction to purchase 100% of the equity of Real Estate Capital Partners Managed Investments Limited ("RECAPMIL") for a nominal amount, settled in cash. RECAPMIL provides responsible entity services to several managed investment schemes. At the acquisition date, RECAPMIL did not have any significant assets, liabilities or contingent liabilities and there was no goodwill or excess at acquisition date.

Consolidated results and review of operations

	31-Aug-10 \$ million	31-Aug-09 \$ million	% Change
To reconcile profit before income tax expense to ongoing operating EBITDA:			
Profit before income tax expense	7.7	7.2	
Add back/(less):			
Dividends and interest income	(1.7)	(1.2)	
Depreciation and amortisation expense	0.5	0.5	
Claim recoveries	(0.3)	(0.2)	
Other recoveries	(0.4)	-	
Profit on sale of available-for-sale investments	-	(0.8)	
Business transformation expenses	1.4	0.6	
Provision for Townsville fraud costs	0.1	1.3	
Ongoing operating EBITDA	7.3	7.4	-2%

THE TRUST COMPANY LIMITED

Directors' report

Review of operations

THE TRUST COMPANY ANNOUNCES STEADY INTERIM DIVIDEND AND CONFIRMS GUIDANCE FOR THE FULL YEAR

The Trust Company Limited (ASX: TRU) today announced an interim dividend of 17.0 cents per share (100% franked) and confirmed its financial guidance for the full year.

Operating revenue of \$27.2 million for the six months to 31 August 2010 (1H11) was up 3% on the prior corresponding period (pcp). However, operating earnings before interest, tax, depreciation and amortisation (EBITDA) for the half year of \$7.3 million was down 2% on pcp reflecting a significant investment in staff (salary increases following last year's freeze, senior recruitment, training and development).

Reported net profit after tax (NPAT) was \$5.5 million for the half year, down 2% from 1H10. Operating NPAT for the period was \$6.1 million, up marginally from \$6.0 million on pcp. Significant items of \$0.8 million reflect continued transition costs (principally relating to the brand relaunch and new visual identity) and legacy project costs.

The Trust Company's revenues are sensitive to the overall level of the equity market. The average level of the ASX200 index increased 19% in the first half of this year compared to the first half last year. However, the average level of the index was lower than the Company had assumed when giving guidance in April 2010.

Chief Executive Officer John Atkin said, "Although financial markets have not recovered as strongly as many expected at the start of the financial year, our focus on internal performance improvement is starting to yield results. We have delivered a solid half year result and confirm our financial guidance for the full year."

"Our emphasis remains on managing for performance while positioning for growth. In June, we successfully relaunched our brand and new visual identity. We have also increased our market advocacy. At the same time, we have strengthened our internal management with the implementation of a company-wide performance framework and we are close to finalising a number of legacy issues including matters flowing from the fraud discovered in our Townsville office in late 2008."

Update on strategy

Commenting on progress in implementing The Trust Company's strategic plan, John Atkin said, "The work we did defining our Company strategy last year and translating that into our vision and strategic goals has provided a clear direction for delivering results that meet the aspirations of all our stakeholders. Our brand relaunch has been very well received both internally and externally. We have placed a lot of focus on the development of our people with the rollout of a new performance framework supported by appropriate leadership and development support. We are making good progress in better understanding and serving our clients. However, our work around systems, processes and technology has lagged primarily because we have deliberately given priority to completing the legacy projects."

Mr Atkin spoke of the significant growth opportunities that exist for both the Corporate and Personal Services businesses. However, the two businesses present quite differently. The Corporate Services business is well positioned to capitalise on a number of immediate growth opportunities. While the longer term drivers for the Personal Services business are very strong, it is a much more complex business reflecting its long and diverse history. (The Trust Company is the successor to the personal trust businesses of Burns Philp Trustee Company, Permanent Trustee Company as well as its own business which historically traded as Union Fidelity Trustee Company.) Realising the potential of the Personal Services business will therefore require further investment in our people as well as an upgrade of our processes, systems and technology. He reiterated the importance of pacing this investment to achieve the Company's longer term potential while maintaining consistent growth in shareholder dividends.

Outlook

In April 2010, The Trust Company stated its Operating EBITDA for FY11 was expected to be in the range of \$15.7 million to \$18.7 million (\$15.7 million pcp) with Reported NPAT expected to be in the range of \$11.5 million to \$13.7 million (\$10.9 million pcp). While the first half FY11 performance is slightly below last year, we expect a stronger second half primarily due to increased Corporate Services revenue. On that basis, the Company confirms this guidance notwithstanding investment markets being somewhat weaker than had been assumed back in April.

Directors' report (cont'd)

Review of operations (cont'd)

Subject to equity and financial markets remaining stable for the balance of FY11, The Trust Company expects operating EBITDA to be well within guidance and reported NPAT to be towards the middle part of the range given in April.

The Trust Company is continuing to target a dividend payout of 100% of reported net profit after tax (fully franked) for FY11. However, as previously noted, the Company intends to review that policy as part of a general review of its regulatory capital requirements. ASIC has recently released a Consultation Paper on capital requirements for Responsible Entities and we expect that consultation process will take some time to complete. A final determination of our regulatory capital requirements is also dependant on passing of enabling legislation by the Australian Parliament to facilitate the rationalisation of a number of licences and funds following the commencement of federal legislation governing trustee companies in May 2010.

THE TRUST COMPANY LIMITED

Directors' report (cont'd)

Subsequent events

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

Auditor's independence declaration

The auditor's independence declaration is included on page 7.

Rounding

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

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Bruce Corlett
Chairman

Sydney, 13 October 2010



John Atkin
Chief Executive Officer

Sydney, 13 October 2010

The Board of Directors
The Trust Company Limited
35 Clarence Street
SYDNEY, NSW 2000

13 October 2010

Dear Board Members

The Trust Company Limited


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

As lead audit partner for the review of the financial statements of The Trust Company Limited for the half-year ended 31 August 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully


DELOITTE TOUCHE TOHMATSU


Stuart Alexander
Partner
Chartered Accountant

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

We have reviewed the accompanying half-year financial report of The Trust Company Limited, which comprises the condensed consolidated balance sheet as at 31 August 2010, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 19.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 August 2010 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 The Trust Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

Auditor's Independence Declaration

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

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 The Trust Company Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 August 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



Stuart Alexander
Partner
Chartered Accountants
Sydney, 13 October 2010

THE TRUST COMPANY LIMITED

Directors' declaration

The Directors declare that:

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

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

On behalf of the Directors



Bruce Corlett
Chairman

Sydney, 13 October 2010



John Atkin
Chief Executive Officer

Sydney, 13 October 2010

THE TRUST COMPANY LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 AUGUST 2010**

	Half year ended	
	31-Aug-10 \$'000	31-Aug-09 \$'000
Fee and commission income	27,188	26,293
Other income	1,694	1,183
	28,882	27,476
Employee benefit expense	(14,529)	(12,678)
Depreciation and amortisation expense	(525)	(540)
Occupancy expenses	(1,712)	(1,777)
Insurance expenses	(927)	(771)
Consultancy expenses	(477)	(478)
Operating lease rental expense	(200)	(275)
Repairs and maintenance of computer equipment	(291)	(323)
Marketing expenses	(154)	(323)
Auditor's remuneration	(385)	(365)
Client claims	330	(250)
Claim recoveries	327	240
Other recoveries	400	-
Profit on sale of available-for-sale investments	-	864
Business transformation expenses	(1,392)	(630)
Provision for Townsville fraud costs	(90)	(1,300)
Foreign exchange gain/(loss)	11	(184)
Other expenses	(1,595)	(1,452)
Profit before income tax expense	7,673	7,234
Income tax expense	(2,194)	(1,665)
Profit attributable to members of the parent entity	5,479	5,569
Other comprehensive income		
Unrealised (loss)/gain on available-for-sale investments taken to equity	(160)	2,537
Income tax relating to revaluation of available-for-sale investments	48	(1,364)
Realised loss on investments sold	-	(741)
Income tax relating to realised gains on investments sold	-	257
Other comprehensive income for the period (net of tax)	(112)	689
Total comprehensive income attributable to members of the parent entity	5,367	6,258
Earnings per share		
Basic (cents per share)	17.0	17.2
Diluted (cents per share)	16.8	17.2

The accompanying notes on pages 15 to 19 form part of the financial statements.

THE TRUST COMPANY LIMITED

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2010**

	Note	31-Aug-10 \$'000	28-Feb-10 \$'000
Current assets			
Cash and cash equivalents		36,334	39,471
Trade and other receivables	3	19,362	17,801
Total current assets		55,696	57,272
Non-current assets			
Trade and other receivables		210	210
Other non-current financial assets	4	20,283	20,443
Property, plant and equipment		6,753	6,768
Goodwill		39,218	39,218
Intangible assets		76	111
Deferred tax assets		2,695	3,240
Total non-current assets		69,235	69,990
Total assets		124,931	127,262
Current liabilities			
Trade and other payables		3,509	4,843
Current tax liabilities		23	387
Provisions		4,696	6,155
Total current liabilities		8,228	11,385
Non-current liabilities			
Provisions		3,133	3,012
Total non-current liabilities		3,133	3,012
Total liabilities		11,361	14,397
Net assets		113,570	112,865
Equity			
Issued capital		102,683	102,491
Investment revaluation reserve		205	317
Share-based payments reserve		2,424	1,938
Asset revaluation reserve		655	655
Retained earnings		7,603	7,464
Total equity		113,570	112,865
Net tangible asset per share (\$)		2.30	2.27

The accompanying notes on pages 15 to 19 form part of the financial statements.

THE TRUST COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 AUGUST 2010

	Issued capital \$'000	Investment revaluation reserve \$'000	Share-based payments reserve \$'000	Asset revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 March 2009	102,448	215	812	1,389	9,240	114,104
Unrealised gains on investments	-	2,537	-	-	-	2,537
Deferred tax liability on revaluation of investments	-	(1,364)	-	-	-	(1,364)
Net income recognised directly in equity	-	1,173	-	-	-	1,173
Realised loss on investments sold	-	(741)	-	-	-	(741)
Tax on realised loss on investments sold	-	257	-	-	-	257
Profit attributable to members of the parent entity	-	-	-	-	5,569	5,569
Total comprehensive income for the period	-	689	-	-	5,569	6,258
Treasury shares	43	-	(43)	-	-	-
Recognition of share-based payments	-	-	106	-	-	106
Dividends paid	-	-	-	-	(7,120)	(7,120)
Balance at 31 August 2009	102,491	904	875	1,389	7,689	113,348
Balance at 1 March 2010	102,491	317	1,938	655	7,464	112,865
Unrealised loss on investments	-	(160)	-	-	-	(160)
Deferred tax asset on revaluation of investments	-	48	-	-	-	48
Net expense recognised directly in equity	-	(112)	-	-	-	(112)
Profit attributable to members of the parent entity	-	-	-	-	5,479	5,479
Total comprehensive income for the period	-	(112)	-	-	5,479	5,367
Treasury shares	192	-	(192)	-	-	-
Recognition of share-based payments	-	-	678	-	-	678
Dividends paid	-	-	-	-	(5,340)	(5,340)
Balance at 31 August 2010	102,683	205	2,424	655	7,603	113,570

The accompanying notes on pages 15 to 19 form part of the financial statements.

THE TRUST COMPANY LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 AUGUST 2010**

	Note	Half year ended	
		31-Aug-10 \$'000	31-Aug-09 \$'000
Cash flows from operating activities			
Receipts from customers		28,152	29,858
Payments to suppliers and employees		(22,905)	(22,445)
IT related transformation expenses paid		-	(257)
Redundancy expenses paid		(19)	(1,183)
Other transformation expenses paid		(2,048)	-
Townsville fraud - cash received		205	4,121
Claim recoveries received		-	633
Income tax paid		(1,965)	(7,272)
Net cash provided by operating activities		1,420	3,455
Cash flows from investing activities			
Proceeds from sale of investments		-	9,621
Payments for property, plant and equipment		(478)	(58)
Dividends received		597	1,144
Interest received		664	323
Net cash provided by investing activities		783	11,030
Cash flows from financing activities			
Dividends paid - members of the parent entity			
Ordinary dividends	5	(5,340)	(7,120)
Net cash used in financing activities		(5,340)	(7,120)
Net (decrease)/increase in cash and cash equivalents		(3,137)	7,365
Cash and cash equivalents at the beginning of the financial half year		39,471	17,521
Cash and cash equivalents at the end of the financial half year		36,334	24,886

The accompanying notes on pages 15 to 19 form part of the financial statements.

THE TRUST COMPANY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2010

1. Significant accounting policies

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the Group's financial report for the year ended 28 February 2010.

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

The registered office of The Trust Company is: Level 4, 35 Clarence Street, Sydney, NSW 2000.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 28 February 2010.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the presentation of the financial statements.

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

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

- AASB 9 'Financial Instruments'. Effective for annual reporting periods beginning on or after 1 January 2013.
- AASB 124 'Related Party Disclosures (revised December 2009)', AASB 2009-12 'Amendments to Australian Accounting Standards'. Effective for annual reporting periods beginning on or after 1 January 2011.
- Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'. Effective for annual reporting periods beginning on or after 1 July 2010.

These Standards will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

THE TRUST COMPANY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 AUGUST 2010

2. Segment information

Product and services from which reportable segments derive their revenues

Corporate Services

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

Personal Services

Personal Services include wills and estate planning, insurance services, estate administration, accounting and taxation services; financial planning, retirement planning, portfolio administration and agency services and fund management for Australian shares, cash and bond funds.

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

	Corporate Services		Personal Services		Total	
	Half year ended		Half year ended		Half year ended	
	31-Aug-10	31-Aug-09	31-Aug-10	31-Aug-09	31-Aug-10	31-Aug-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue						
Fee and commission income	10,761	10,777	15,981	15,002	26,742	25,779
Unallocated fee and commission income	-	-	-	-	446	514
Segment revenue	10,761	10,777	15,981	15,002	27,188	26,293
Dividend income					716	852
Interest income					978	331
Consolidated revenue					28,882	27,476
Segment profit						
Segment profit before reconciling items below	2,790	3,193	4,469	4,224	7,259	7,417
Dividend income					716	852
Interest income					978	331
Depreciation and amortisation expense					(525)	(540)
Claim recoveries					327	240
Other recoveries					400	-
Profit on sale of available-for-sale investments					-	864
Business transformation expenses					(1,392)	(630)
Provision for Townsville fraud costs					(90)	(1,300)
Profit before income tax					7,673	7,234
Income tax expense					(2,194)	(1,665)
Profit for the year					5,479	5,569

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

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

THE TRUST COMPANY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 AUGUST 2010

	31-Aug-10	28-Feb-10
	\$'000	\$'000
3. Current trade and other receivables		
Current		
Trade receivables	14,522	13,776
Allowance for doubtful debts	(433)	(261)
	14,089	13,515
Receivable relating to Townsville fraud	1,825	3,292
Other receivables and prepayments	3,448	994
Total current trade and other receivables	19,362	17,801
4. Other non-current financial assets		
	31-Aug-10	28-Feb-10
	\$'000	\$'000
(a) Held to maturity investments		
Non current - bank deposits and government inscribed stock held pursuant to a statutory requirement (i)	200	200
(b) Available-for-sale investments carried at fair value		
Non current - shares in non-related corporations at fair value (ii)	20,083	20,243
Total other non-current financial assets	20,283	20,443

(i) Deposits with the Queensland Treasury Corporation held in accordance with the Trustee Companies Act 1968 (Qld). The carrying value is equal to the amount held with Queensland Treasury Corporation. Since the introduction of the Uniform Trustee Companies legislation, from 6 May 2010 this deposit is no longer required. The deposit was redeemed on 30 September 2010.

(ii) Represents the Group's holding in Equity Trustees Limited, the fair value of which has been determined using a discounted cash flow valuation model.

(c) Fair value disclosure by fair value hierarchy level

	Fair value measurement at end of the reporting period using:			
	31-Aug-10	Level 1*	Level 2*	Level 3*
	\$'000	\$'000	\$'000	\$'000
Held to maturity investments				
Bank deposits and government inscribed stock held pursuant to a statutory requirement	200	200	-	-
Available-for-sale investments carried at fair value				
Shares in non-related corporations at fair value	20,083	-	-	20,083
Total	20,283	200	-	20,083

THE TRUST COMPANY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 AUGUST 2010

4. Other financial assets (cont'd)

(c) Fair value disclosure by fair value hierarchy level (cont'd)

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

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

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

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

Level 3 represents the Group's holding in Equity Trustees Limited. In the current reporting period, the fair value of \$16.82 per share (28 February 2010: \$16.93) has been determined using a discounted cash flow valuation model. The market price of these shares listed on the Australian Securities Exchange as at 31 August 2010 was \$15.73 per share (28 February 2010: \$18.70).

Level 3 financial assets

Opening balance

Change in fair value of investment

Closing balance

	31-Aug-10 \$'000	28-Feb-10 \$'000
Opening balance	20,243	19,789
Change in fair value of investment	(160)	454
Closing balance	20,083	20,243

5. Dividends

Recognised amounts

Fully paid ordinary shares

Final dividend paid on 25 May 2010 (prior year 20 May 2009)

Fully franked at 30% (prior year fully franked at 30%)

Total dividends for the financial half year

	Half year ended 31-Aug-10		Half year ended 31-Aug-09	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Final dividend paid on 25 May 2010 (prior year 20 May 2009) Fully franked at 30% (prior year fully franked at 30%)	16.5	5,340	22	7,120
Total dividends for the financial half year	16.5	5,340	22	7,120

Unrecognised amounts

Fully paid ordinary shares

Interim dividend to be paid on 11 November 2010 (prior year 12 November 2009)

Fully franked at 30% (prior year fully franked at 30%)

Interim dividend to be paid on 11 November 2010 (prior year 12 November 2009) Fully franked at 30% (prior year fully franked at 30%)	17.0	5,502	17.2	5,566
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THE TRUST COMPANY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2010

6. Contingent liabilities and contingent assets

(a) Contingent liabilities

	31-Aug-10	28-Feb-10
	\$'000	\$'000
Aggregate contingent liabilities at the balance sheet date comprised the following:		
Bank guarantee and performance bonds in favour of the Australian Securities and Investments Commission in relation to AFS licences	1,040	1,040
Undertaking supporting the AFS licence requirements for subsidiaries	35,000	30,000
Bank guarantee in favour of the ASX Settlement and Transfer Corporation Pty Limited with respect to trading activities	1,000	1,000
Bank guarantee in favour of Australian Prudential Regulation Authority in relation to the provision of superannuation services	5,000	5,000
Total contingent liabilities	42,040	37,040

The Group, given the nature of its business, can receive claims for alleged breach of trustee duties from time to time. The directors believe that there is no need to make provisions for the possibility of such claims in the financial statements and that sufficient professional indemnity insurance cover is held to meet any potential liabilities that may arise.

(b) Townsville fraud

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

Investigations have revealed that the total loss suffered by affected clients was approximately \$8.6m and that the fraudulent activities occurred over 16 years. On 2 December 2008, the Company established a restitution fund to enable the Company to make both interim and final payments to affected clients. As at the date of this report, the Company has paid approximately \$8.6m to those clients. Additionally, the Company has provided for the legal, external accounting and other associated costs required to investigate and rectify the fraud.

On 2 September 2010, a former employee of the Company, Gary Wilkins, appeared in the District Court at Townsville for sentencing on fraud charges. Wilkins pleaded guilty and was sentenced to a period of imprisonment, with a non parole period, until 2 January 2014. The charge against Wilkins was one count of dishonestly applying funds as an employee between 1987 and 2008.

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

(c) Contingent assets

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

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

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

7. Subsequent events

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