

Annual Review

# 08/09

**EQUITRUST**

Fixed Income & Finance

## Mission Statement

**We are a responsibly aware company,  
Always delivering on its word,  
Nurturing its people,  
And building enduring relationship.  
We provide excellence  
In investment security and return  
And creative finance solutions,  
Through strong property knowledge.**

**McCullough  
Robertson Lawyers**

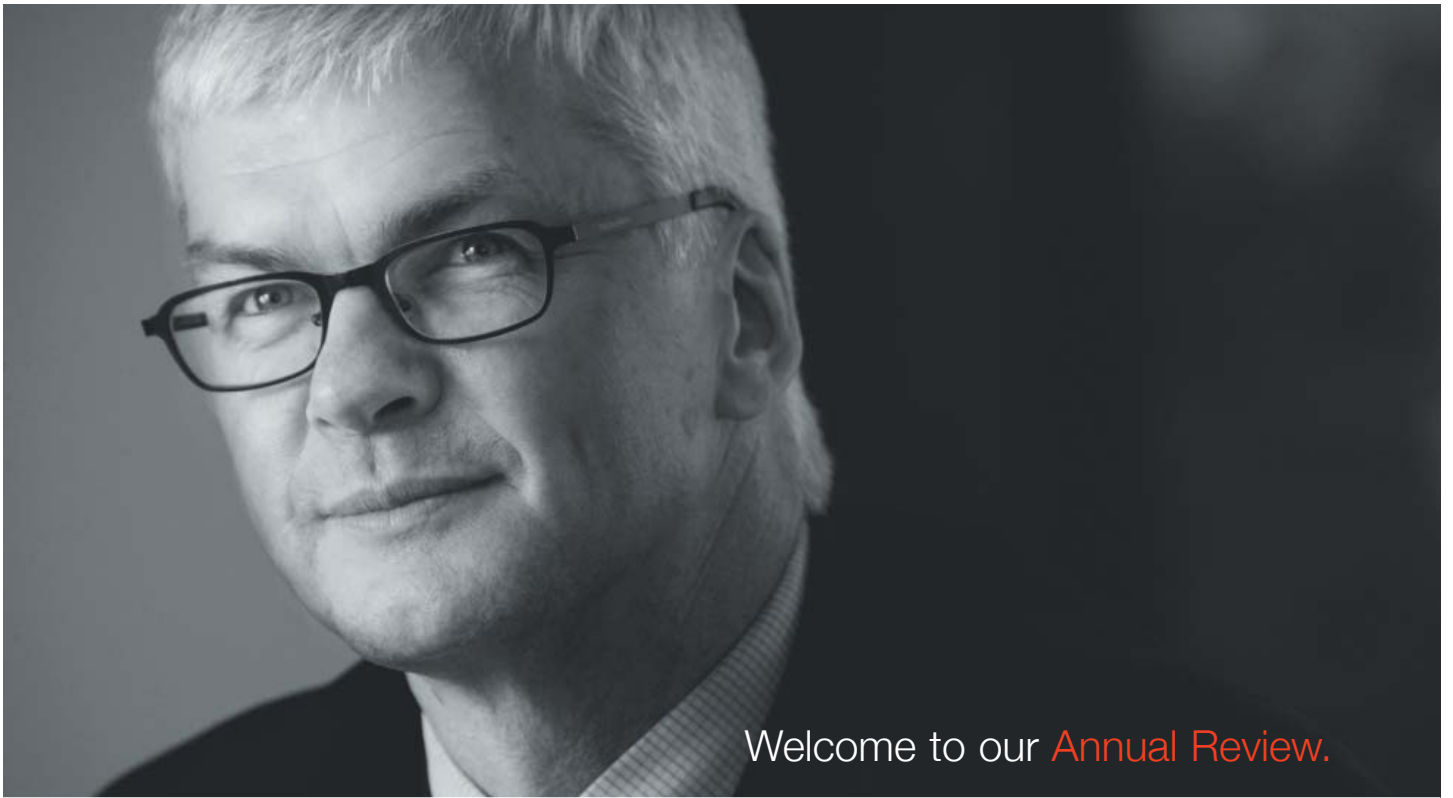


Receiving the best possible advice is useful in life and essential in business. Adhering to this philosophy, we've had a long-term association with a number of quality law firms, including McCullough Robertson Lawyers.

With over 400 partners, lawyers and support staff, McCullough Robertson are ranked as Queensland's largest law firm and listed in the BRW Top 20 law firms in Australia. It was recently named 'Brisbane Law Firm of the Year'.

Established in 1926, it is a full service law firm with a proven capacity to successfully integrate legal expertise with business acumen. For nearly a decade they have provided excellent advice to Equititrust in respect of constitutional, product disclosure and compliance matters.

L-R: McCullough Robertson's Brendan Leighton and Sean Robertson with Equititrust's Director Investments, Ross Janetzki



Welcome to our **Annual Review.**

## **CEO Comment Mark McIvor**

Salutations for yet another year and what an extraordinary year it has been. World financial markets have rarely seen such turmoil. Business newspapers have made gripping reading with a roller-coaster stock market and massive decimation of shareholder wealth. Australia's financial system is weathering the difficulties well with our major banks soundly capitalised. However, confidence is at a low ebb. Despite turbulent conditions I'm pleased to report strong profit and a substantial increase in retained earnings. Whilst being a time for caution and vigilance, it is also an opportunity to consolidate our reputation and market position, and a litmus test of our skills. A strengthening balance sheet and an unswerving focus on loan book performance see us well positioned to deal with a hard market.

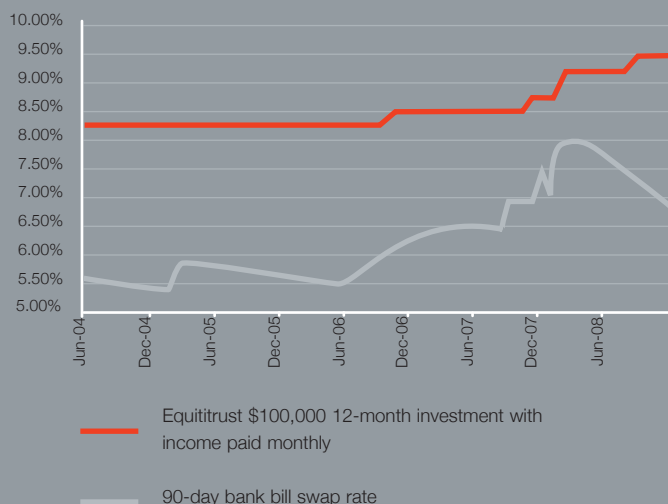
As a testament to our unequivocal investor commitment I've chosen to subordinate Equititrust's entire Fund investment to that of investors. Whilst philosophically that has always been my position, it is now legally enshrined in our Constitution. Essentially this means Equititrust would have to lose all its investment in the respective funds before any investor loss. I expect even the most negative pundit would acknowledge the unlikelihood of that given we have a total investment in excess of \$60m.

Confidence boosts property prices so the corollary is also true. There will be softening in prices during current market conditions. However, our loan book is at conservative ratios and strongly Queensland centric, a market that enjoys good fundamentals.

At a macro level the current turmoil will pass, having accelerated bank aggregation. The big banks will get bigger leading to a less competitive finance market. Combined with downward pressure on the cash rate and corresponding investment rates, the future looks very bright for credible companies providing an alternative in the fixed income and finance market.

If you wish to chat to me at any time please don't hesitate to call. I hope you enjoy our Annual Review.

The 2008 financial year saw a continuation of financial market tumult triggered by the US sub-prime lending crisis. Despite a challenging market and the assault on investor confidence, we closed the year with gross inflow of \$87m. The equities rout has exemplified the attraction of other investment classes, especially fixed income.



## Investment Management Report



Ross Janetzki Director Investments

A gratifying aspect of the unsettled times is that I get to speak more regularly to many of our investors. I've been delighted to convey that Equititrust is very seriously 'putting its money where its mouth is' via our new investment subordination. The benefit of the subordination is twofold. Clearly, it represents very substantial capital buffer, but it's also a firm expression of the company's confidence in its own business practices. Many investment companies pay lip-service to being careful with investor's money, but how much are they willing to stake? It reminds me of that old joke:

"At breakfast, what's the difference between a chicken and a pig? The chicken was involved, but the pig is committed."

Equititrust now has in excess of \$60 million of its hard-earned money 'riding shotgun' over the loan book.

More recently, ASIC released a Regulatory Guide aimed at improving disclosure to retail investors. It provides that all mortgage schemes should in their Product Disclosure Statement, address certain key benchmarks such as liquidity, portfolio diversification, valuation policy, loan-to-value ratios etc. (article following). Whilst we applaud their efforts to assist disclosure, they have not

remedied what in our view is a fundamental failing in the regulatory structure. We firmly expressed to ASIC in the consultation process that obliging operators to have certain minimum capital (say 5%) available for first loss, was the only effective means to ensure commitment to investor protection. Our comments went unheeded.

The Reserve Bank surprised everyone recently with an aggressive 100-basis point cut in the official rate. This easing of monetary policy further widens our rate superiority compared to the 90-day bank bill swap rate (BBSW). The long-term yield curve is trending downward, entrenching that superiority for the future.

I love a chat so feel free to phone anytime.



We have investors from across Australia and internationally but, due largely to our reputation, mostly from our local area. One of the latter is long-time Gold Coast resident, former Albert Shire Councillor Gold Coast Deputy Mayor, Colin Kleinschmidt.

## An Interview with Colin Kleinschmidt

*Col, yours is one of the Gold Coast's first families. When and in what circumstances did they settle here?*

My great-grandfather emigrated from Germany in 1868. He was a young man who captained the *Maid Of Schur*, which now has pride of place in Bischoff Park at Nerang township. My grandfather then settled at Stegleity at Woongoolba where the Kleinschmidts had a sugar mill, which my father, Fred, operated for some years. In 1936 my father bought the property at Upper Coomera where I grew up. I subsequently purchased it with my brother. This property is now a Stocklands subdivision (Riverstone Crossing).

*When did you embark on your political career and what prompted you?*

It was in 1982. Our local National Party councillor, Charles Holm, retired – six weeks before the election. My brother, Graham Hinze and I were talking about forthcoming elections, and we decided that we couldn't allow an out-of-towner to be our local representative. Anyway, I drew the short straw.

*What were the most rewarding and frustrating parts of the role?*

We'd meet once a month and there was always something exciting. I remember at my first meeting this Canadian architect briefing us about the development of an old dairy farm. The proposal was by Arthur Earle for 90 000 people, which at the time astonished us – it's now Robina, including the Town Centre. It was this kind of strategic planning that was most rewarding. The developments included Sanctuary Cove, Helensvale and the Gold Coast Marina at Coomera.

I suppose the frustrating part was the criticism. I remember we had

300 objections to the first service station at Pacific Pines – imagine it not being there now! We were also taken to task for approving 66 golf courses – where are they now?

*Was there a particularly memorable incident?*

One of the very pleasant duties of being deputy mayor was the naturalisation ceremonies. The sincerity and appreciation of the people involved were very touching. There was one very emotional couple, who said it was more important to them than their wedding day.

*What do you think are the major issues confronting our local council?*

I despair at their current predicament. Bureaucracy started creeping in in the early nineties and escalated from there. The planning legislation is incredibly complex. Town planning is still a major issue – traffic, water and, of course, the preservation of the beaches.

*How do you find retirement after such an active commercial life?*

When I sold the farm I kept 120 acres and run 100 head of cattle. My son lives there and my daughter built a weekender. My wife and I are fortunate to spend many weekends there with our children and seven wonderful grandchildren. We also enjoy travelling and try to do one big trip a year.

*And finally, why Equititrust?*

In all sincerity I can say we've had a fair bit of money with you for a long time and I've never lost an hour's sleep. I've always been impressed by your conservative approach, which in this climate is important. I also value the Capital Warranty. My portfolio is very balanced and Equititrust is one of the ones I don't worry about.

ASIC recently released a regulatory guide aimed at improving disclosure to retail investors by unlisted mortgage schemes. It is a benchmark based disclosure model to be complied with by 30<sup>th</sup> November 2008. All Responsible Entities are obliged to disclose against the eight benchmarks in their Product Disclosure Statements on an 'if not, why not' basis to allow investors to compare the relative risk and return.' 'Why not' means explaining how an entity deals with the issue underlying the benchmark.



'The Chancellor', Varsity Lakes Gold Coast, comprising 64 units and 3700m<sup>2</sup> of commercial space. Units sold out prior to completion.

## Benchmarks

The eight benchmarks and required disclosures are as follows:

1. Liquidity: a policy and procedure to monitor liquidity on a daily basis and review cash flow needs on a quarterly basis. Whilst ASIC suggests that cash flow estimates should exclude undrawn amounts under approved credit facilities, we consider this commercially illogical.
2. Scheme borrowings: amounts owing and undrawn, maturity profiles, credit ranking and the purpose of funding.
3. Portfolio diversification: details of the current nature of the Fund's investment portfolio including geography, loan type, levels of arrears, loan ranking, undrawn commitments, loan-to-value ratios, maturity profiles, interest rates, whether interest is capitalised, and details of largest loans.
4. Related party transactions: whether there are transactions with related parties of the Fund, including lending or investing. Equititrust has a strict policy of not using Fund money to provide loans to, or make investments in, any related parties.
5. Valuation policy: details of valuation methodology, the currency of valuations and whether any one valuer conducts more than a third of property valuations (according to loan value).
6. Loan-to-value (LVR) ratios: property development loans should not exceed 70% of 'as if complete' valuations, and 80% of non-development loans based on the latest market valuations. The Equititrust Income Fund five-year average LVR has averaged less than 65%.
7. Distribution practices: Responsible Entities should disclose the expected source for distributions and whether the income is sustainable. Our Income Warranty provides that if interest payments by borrowers are insufficient to enable income distributions to investors, Equititrust provides this income to investors regardless of the Fund's performance.
8. Withdrawal arrangements: including the maximum withdrawal period, risk factors and potential limitations, the approach to rollovers, and, if withdrawals from the Fund are to be funded from an external liquidity facility, the material terms of this facility, including the provider's rights.

Detailed disclosure of the benchmarks and Equititrust's response is included in the Income Fund Product Disclosure Statement.

We welcome the initiative although we feel it falls short in failing to provide for an operator's minimum capitalisation. Regulation can often be more about form than substance, but at least these benchmarks promote clearer disclosure.

The '08 financial year saw a total lending volume of \$397m in line with forecast. In spite of market uncertainty, a variety of projects were successfully completed and sold, with particular emphasis on residential subdivision and apartments. The majority of current construction is in advanced stages of completion and sell-down mode.

As the credit crisis has continued to 'bite', activity has flattened. This represents a combination of reduced borrower demand and our desire to ensure ample liquidity. We are circumspect regarding new projects and are happy to adopt a 'wait and see' approach. In the meantime, we are servicing existing customers and projects.

Queensland's property market accounts for approximately 70% of the Income Fund book, with 32% in the local Gold Coast / Tweed district. Property market fundamentals, especially in Queensland, remain sound. However, confidence has suffered a severe jolt. We'd anticipate a flattening of prices without dramatic falls. This is subject to the extent of forced sales, which should be limited to those highly geared. The Income Fund has a conservative average loan-to-value ratio of 64% as at 30 June 2008. This is in line with our five-year average and provides ample equity margin.

## Lending Management Report

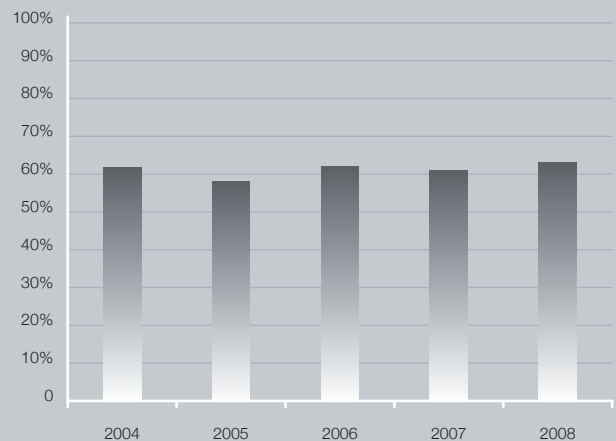


Tim James, Director Lending.



'aspire on kings', 15 units overlooking Kings Beach, Caloundra. Constructed on time and within budget with a steady sales rate. Loan now repaid.

The days of a highly competitive finance market are over. There is now a supply vacuum in the commercial market, enabling financiers to be very choosy with borrowers. This augers well for future demand. In the meantime, we're projecting very conservative lending volumes and will be trading with caution.



Income Fund Loan-to-Value Ratio June 2004 - June 2008



'Oxford Park', Kelvin Grove, Brisbane  
32 units backing onto QUT Campus. Constructed on time and under budget. Sold out during construction.

## Property Market Overview Looking Ahead

Elements of the national economy over the past financial year have been:

- Continuing fallout from the U.S. sub-prime crisis (contributing to many of the following)
- Declining share market
- Higher inflation and interest rates
- Softening broader demand
- Weaker housing markets
- Rental property shortages
- Soaring Australian dollar (until recently)
- High net immigration and population growth
- Low unemployment
- Continuation of the mining boom.

In relation to residential property supply and demand, Commonwealth (Bank) Research recently reported:

"Housing market fundamentals indicate that residential rents are likely to rise by 5% to 10% over 2008 and 2009. Housing demand, which we estimate at around 185,000, is likely to run more strongly than supply through 2008 and 2009. Annual population growth reached 328,000 (or 1.57%) in 2007 and could be around 350,000 in 2008. The problem is that population growth is much stronger and likely to stay that way. So there has been a dramatic reduction in dwellings for rent. Residential vacancy rates are near 1% in most of the capital cities, sparking significant rises in rents."

The September 2008 ANZ Property Outlook had similar sentiments:

"With evidence of a slowing economy, a series of interest rate rises to digest and falling house prices overseas, the question needs to be asked: are house prices going to fall in Australia? We think not...While market sentiment has clearly weakened, property prices continue to defy the doomsayers. After booming last year, house prices stalled in the first half of 2008 – but as have yet to see any reliable evidence of significant falls and a critical shortage of housing and surging rents in most capital cities will maintain a floor under prices. Similarly, despite some slippage in capitalisation rates, commercial property valuations have been supported by solid rental growth."

Citigroup's director of economic and market analysis, Shane Lee, recently forecast a 4% rise in general house prices in 2009, followed by an increase of 10% in 2010.

RP Data property research analyst, Tim Lawless, said Australia's property market had passed through the lowest stage in the cycle and peak buying conditions would evaporate in the first quarter of 2009. He said the country's supply and demand imbalance, with record immigration growth and flat dwelling commencements, had created a natural floor for prices.

For its part, independent economic forecaster, BIS Shrapnel predicts the financial crisis to slowly dissipate and house prices to grow by 30% - 40% over the next five years.

It started with ...

Low interest rates and poor lending standards led to a boom in sub-prime home loans and U.S. housing price bubble.

When interest rates rose, so did borrower defaults with falling property values and massive loan losses.

It spread ...

- Loans had been packaged up and sold or reinsured globally.
- Sub-prime losses were concentrated on balance sheets of highly leveraged institutions, particularly banks, amplifying the issue.
- This created uncertainty about which institutions were exposed.
- Banks began hoarding capital and not trusting each other.

The impact ...

- Banks in U.S., England and Europe required government intervention.
- Heavily geared companies experienced problems.
- Slowing of economic growth in the U.S. and Europe.
- Share markets fell.

The U.S. Federal Reserve and various governments responded ...

- Made billions of dollars of loans to keep banks liquid.
- In U.S. notably Lehman Brothers (investment bank) allowed to collapse, but took over insurer AIG and finance companies deemed "too big to fail", culminating in the 'Bail out' plan, followed by coordinated Central Banks' rate cuts.

In Australia ...

- Australian financial system coping better than other countries' as banks are soundly capitalised with only limited exposure to sub-prime instruments.
- However, turmoil in capital markets has made money scarce and dearer.

## Credit Crisis in a nutshell



- Substantial rate cut and more predicted to follow to counter economic slowdown.

How many sub-prime (non-conforming) borrowers make up the Australian housing market?

- According to the RBA, about 1%, of which about 5% are in default. Compare that with the U.S. where sub-prime represents about 7% of the market, of which about 25% are behind on their payments. "While some households are facing more difficult financial conditions than has been the case for some time, the overall Australian arrears rates on housing loans has shown little change over the past year, and remains low by historical and international standards."

In summary, the RBA says ...

- "Overall, the past year has been a very challenging one for many financial systems. A return to more settled conditions will require a rebuilding of confidence in many overseas financial institutions and further steps to strengthen their balance sheets. In this difficult environment, Australia has benefited from having strong and profitable financial institutions with few problem assets on their balance sheets, and a sound regulatory regime. While the Australian financial system has not been completely insulated from developments abroad, it is weathering the current difficulties much better than many other financial systems."



After becoming a solicitor in 1978, David worked in senior property law roles before opting to concentrate solely on private property investment in 1992. His jointly owned flagship company, Heritage Pacific, has received numerous awards and was recently acknowledged by Queensland Premier Anna Bligh for “adding tremendous value to Queensland and its ever changing landscape”. Its sister company, Meridien, creates dynamic property-based projects across multiple industry segments, including student living, retirement communities, marinas, and high quality living environments.

## An Interview with David Roberts

### *What are the key ingredients to the success of both Heritage Pacific and Meridien?*

We've always concentrated on property business that isn't defined as fashion or fad, but is an essential service for which demand will continue. We started our development business with well located and competitively priced land, followed by creating homes and we continued to evolve from there. For instance, the compelling demographic in Australia for retirement living, or the massive explosion of international students in Australia, both generate a significant property-based demand.

### *What are the most satisfying aspects personally?*

Identifying the growth opportunities and having them evolve. Our marina business is an example. In the past five years there has been massive growth in the number of boat registrations in Australia. There are 220 000 registered boats in Qld, growing at 6% a year. In addition to Meridien selling berths there is an opportunity to provide infrastructure and high quality service facilities in the marinas. Meridien Marinas will grow to 3 000 berths under management at Pt Douglas, Whitsundays and the Gold Coast.

### *Is it difficult to span a variety of property projects across a number of industry segments?*

There is always a common element in the principles that underpin the real estate. Of course there are going to be challenging aspects. For instance, if you're developing land where it meets

the ocean you'll have obvious environmental challenges. That presented for us an opportunity to go beyond what was required by authorities and pioneer some unique environmental practices, which have resulted in benchmark developments for Meridien.

### *What has been the most noticeable effect of the credit crisis on the property market?*

It would have to be the inability of our major trading banks to structure development facilities in the manner they used to. This presents short-term challenges to the property market, but I'm confident this will return to normal in due course.

### *Do you have many more mountains to climb metaphorically, or would retirement one day be an option?*

I've got plenty to keep me busy. We've got significant and wonderful projects to evolve, the various businesses to manage and an altered financial landscape to navigate. I'm still a 'young man' so to speak, so retirement for me is a long way off.

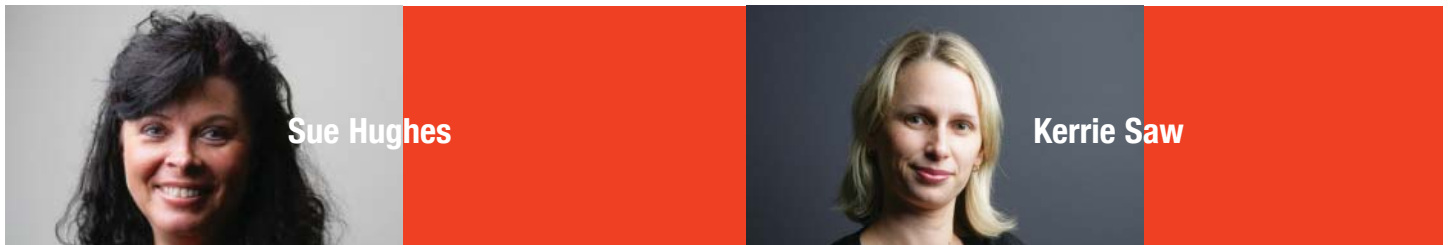
### *Finally, why Equititrust?*

Our companies enjoy good rapport with major banks. However, we've had a strong working relationship with Equititrust for over 10 years. They're creative, and once they understand and like a project's dynamic and the sponsor behind it, they make the process straightforward. Also, they have a good understanding of real estate and are not hamstrung by unnecessary 'red tape'.

# Getting to know us ...

Many who undertake university study are simply happy to scrape through it. Indeed, an acquaintance of the writer once remarked, “51% is a waste of effort and 49% is a waste of a semester.” Demonstrably, this philosophy isn’t shared by our Financial Accountant, Sue Hughes, who was recently awarded a Dean’s Commendation for academic achievement. Sue has also been invited to join the Golden Key Honour Society in recognition of placing among the top 15 percent of her fellow students.

Kerrie completed her Business degree in 1998 and achieved excellent results in her double major in Marketing and Management. She gained valuable experience developing her career in London and Sydney for some reputable large companies. We are delighted with our new Investment Manager.



***Sue, when did you join Equititrust?***

I began with Equititrust in 2000; things weren’t a lot different then. The nature of our business hasn’t really changed, though we’ve obviously grown.

***What are the elements of your role?***

I’m fortunate - my role seems to be ever evolving. I prepare the monthly management reports, forecasts, end-of-year financial work papers and information for our annual reporting requirements. As I’m also our Financial Accountant and Human Resources Officer, I naturally have other duties. My current project, jointly with the IT Manager, is overseeing and managing a major changeover in our computer software – I’m pleased to say it’s going smoothly.

***What do you do for relaxation?***

I like riding my three-wheel 250CC MP3 Scooter and now and then I take a holiday. In the last few years I’ve been to Turkey, Morocco, Egypt and Borneo. When I finally finish my degree, I’m planning a long trip to South America.

***Where do you think you’ll be in five years time?***

I can’t think why I’d ever leave here. My role is demanding and challenging. I also like working for a company that puts its clients first – it seems rare these days.

I returned to the Gold Coast after a two-year stint working (and freezing) in London and also after pursuing my career in Sydney for many years. I have really enjoyed my work and travel experiences but am now thrilled to return to the Gold Coast with my family and the great outdoor lifestyle – I have discovered there is no better place to live than here!

***What brings you to Equititrust?***

I started working here in May 2007 and really enjoy being part of the team. I have a varied role where I can utilise my marketing skills, talk with investors, develop my knowledge of the property industry and even get outdoors to meet with suppliers or sponsor the odd bowls day. We have a lovely work environment and I like the flexibility to work part-time so I can spend more time with my toddler, Jasper.

***What do you like doing in your spare time?***

I love getting outdoors to enjoy the sunshine. I enjoy cooking and entertaining, and also educating myself on property investment - I read as much as possible on the subject. We also love to travel although with a two-year old and another on the way I dare say any exciting overseas plans are on hold for a few years.

***Plans for the future?***

I am enjoying balancing work and family, and am pretty happy with where my life is. Further study is on the cards for a few years down the track. I believe we should never stop learning and experiencing all that life has to offer!

Despite the difficult market conditions, we posted a very satisfactory \$13.8m profit after tax for the '08 financial year. This has translated to a significant 32% increase in retained earnings to \$58m. This equity now provides a substantial capital buffer to our investors, compliments of its subordination.



Sid Super Chief Financial Officer

## Financial Management Report

Average funds under management for the year totalled \$510m. Equititrust and shareholder-related investment (\$72m) accounted for a very healthy 14% of this total average. This combined capacity has increased significantly over the years and now exceeds \$90m. If required, this quantifies to a potential Fund investment of nearly 20%.

Borrower non-performance is within acceptable levels and we are scrupulously attentive to our security position. In addition, the loan book received meticulous third-party examination recently via a due diligence process by KPMG. Also, any impairment considered necessary has now been booked as a result of the end-of-financial-year audit.

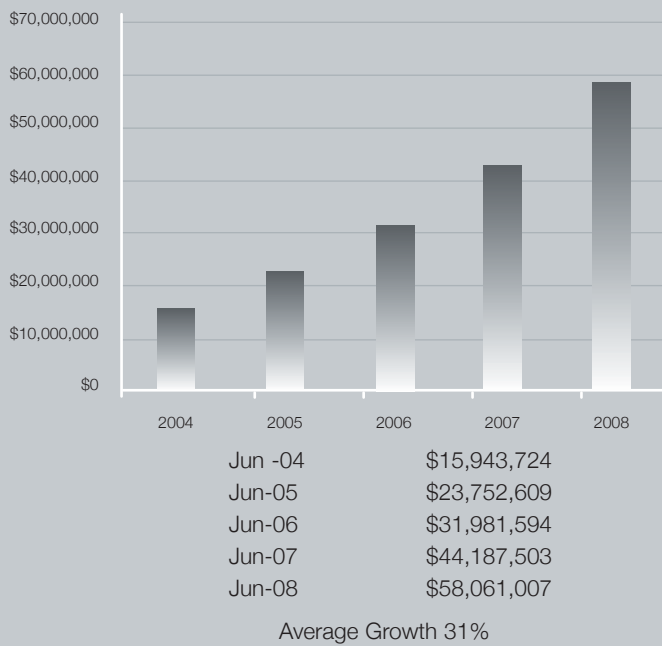
With projected conservative lending volumes and a flat market we're anticipating diminution in our loan book size. We intend paying down one of our credit lines to reduce single source exposure and diversifying our banking relationships. We've always fostered a strategy of multiple banking alliances, which has proved prudent in the current climate.

Our new software is up and running, and proving to be a very worthwhile investment. We remain vigilant regarding our compliance obligations. Congratulations to Simon Smith, our new Compliance Officer, who has kindly relieved me of those responsibilities. This dovetails very well with his role and significant IT skill.

Thanks to my team for a solid effort.



Equitrust Limited Retained Earnings



## Equititrust Limited and its Controlled Entities

### Balance Sheet as at 30 June 2008

	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Current assets</b>				
Cash and cash equivalents	14,110,563	26,198,840	1,619,071	2,626,324
Trade and other receivables	6,463,366	5,384,080	2,574,544	3,787,869
Mortgage loans	466,547,634	316,131,112	2,191,188	4,237,174
Investments	-	1,200,000	52,568,690	38,275,297
<b>Total current assets</b>	<b>487,121,563</b>	<b>348,914,032</b>	<b>58,953,493</b>	<b>48,926,664</b>
<b>Non-current assets</b>				
Trade and other receivables	6,298,668	5,080,944	6,298,668	5,080,944
Property, plant and equipment	239,426	88,521	239,426	88,521
Investments	-	-	30,000.00	-
Other investments	150,204	126,646	-	-
Mortgage loans	47,495,887	129,877,154	-	-
Deferred tax assets	317,371	541,983	1,183,201	1,255,254
<b>Total non-current assets</b>	<b>54,501,555</b>	<b>135,715,248</b>	<b>37,721,295</b>	<b>6,424,719</b>
<b>Total assets</b>	<b>541,623,118</b>	<b>484,629,280</b>	<b>96,674,788</b>	<b>55,351,383</b>
<b>Current Liabilities</b>				
Trade and other payables	16,753,623	15,066,030	9,714,877	3,871,583
Bank overdraft	3,820,000	-	3,820,000	-
Interest bearing loans and borrowings	167,508,000	105,000,000	15,508,000	-
Securitised unit-holders' funds	286,625,212	313,670,072	-	-
Loan from related party	-	-	352,147	375,701
Capital warranty liability	-	-	2,886,098	2,377,569
Income tax payable	4,012,267	1,959,595	4,012,267	1,959,595
Employee benefits	525,867	465,360	525,867	465,360
<b>Total current liabilities</b>	<b>479,244,969</b>	<b>436,161,057</b>	<b>38,819,256</b>	<b>9,049,808</b>
<b>Non-current liabilities</b>				
Employee benefits	219,758	183,335	219,758	183,335
<b>Total non-current liabilities</b>	<b>219,758</b>	<b>183,335</b>	<b>219,758</b>	<b>183,335</b>
<b>Total liabilities</b>	<b>479,464,726</b>	<b>436,344,392</b>	<b>37,039,014</b>	<b>9,233,143</b>
<b>Net assets</b>	<b>62,158,392</b>	<b>48,284,888</b>	<b>59,635,774</b>	<b>46,118,240</b>
<b>Equity</b>				
Issued capital	4,097,385	4,097,385	4,097,385	4,097,385
Retained earnings	58,061,007	44,187,503	55,538,389	42,020,855
<b>Total equity</b>	<b>62,158,392</b>	<b>48,284,888</b>	<b>59,635,774</b>	<b>46,118,240</b>

## Equititrust Limited and its Controlled Entities

### Abridged Income Statements for the year ended 30 June 2008

	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total revenue	73,771,537	66,521,613	34,472,678	32,224,679
Profit before tax	19,819,291	17,437,032	19,310,763	17,437,032
Income tax expense	(5,945,787)	(5,231,122)	(5,793,229)	(5,231,122)
Net profit attributable to equity holders of the parent entity	13,873,504	12,205,910	13,517,534	12,205,910

The information contained in this Review is not financial product advice. Before a person invests, they should read and consider the PDS for the Equititrust Income Fund ARSN 089 079 854 issued by Equititrust Limited. All investments involve risk. Past performance is not necessarily an indicator of future performance.

# EQUITITRUST

Fixed Income & Finance

## Manager

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