

ANNUAL REPORT 2003





Our ambition

Targeted clients seek us out.

Targeted intermediaries, institutions and individuals respect, value and trust our specialist financial service capabilities to the extent that they actively seek us out.

Our purpose

To help grow the value of relationships between intermediaries, institutions, and their clients.

To assist our private clients in achieving real lifetime security for individuals and families.

Trust Company of Australia Limited
ABN 59 004 027 749

Our 154th Annual General Meeting will be held in Sydney.

Location:
Deloitte Touche Tohmatsu
Level 9
Grosvenor Place,
225 George Street
Sydney NSW 2000

Time: 9.00 am

Date: Thursday 17 July 2003

A separate notice of meeting, including a proxy form, is enclosed with this annual report.

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Key dates

6 June 2003

Dividend paid to shareholders

June 2003

Annual report dispatched to shareholders

17 July 2003

154th Annual General Meeting

31 August 2003

Half year end

29 February 2004

Year end

Highlights

Highlights 2002-2003

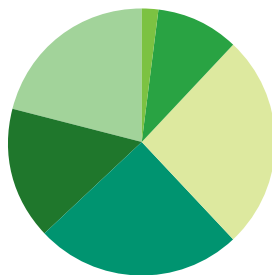
Merger with Permanent successfully completed

Strong operating result despite weak markets

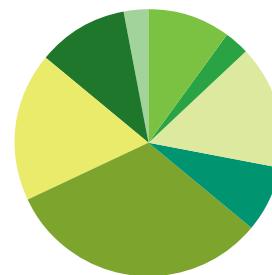
- Strong pre-tax operating result (before merger costs and significant items) of \$7.2 million.
- Merger with Permanent completed in December and integration progressing well
- Merger costs and significant items of \$6.8 million taken up, resulting in a consolidated net profit (after tax) of \$0.2 million
- Result comprises a contribution of \$6.3 million from Trust Company and \$0.9 million from Permanent (almost three months contribution).
- Strong debt-free balance sheet
- Fully franked dividend of 13 cents per share declared

- The development and planning for the launch of the new brand was successfully completed, culminating with internal and external launches held in Sydney, Melbourne, Brisbane and Townsville.
- We began developing several products new to the Australian market for launch during 2004, including Individually Managed Accounts (IMAs).
- Trusts and Estates continued its recent history of strong results, posting a pre-tax profit of \$3.5 million on revenues of \$5.6 million.
- Trust Super had a strong year with revenues up 25% to \$4.5 million due to strong performances in our compliance and small APRA areas, producing a pre-tax profit of \$0.5 million.

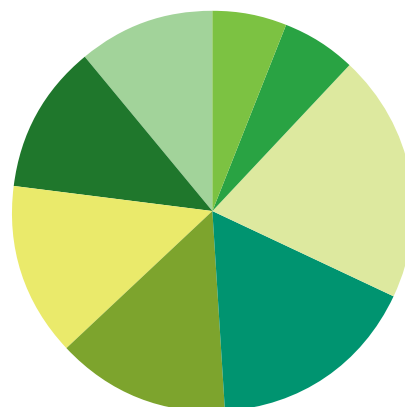
A more balanced company



Trust Company



Permanent Trustees



Trust Company and Permanent

-
- Structured Finance
 - Property Custody
 - Estates and Trusts
 - Funds Management
 - Funds Services
 - Securitisation
 - Private Clients
 - Superannuation
-

Note: This information is based on different time periods and management estimates of like to like businesses.

About us

Trust was established in 2002 with the merger of two of Australia's oldest independent financial institutions, Trust Company of Australia and Permanent Trustees.

Together we draw on over 100 years of experience in the Australian financial services industry with a rich history of delivering reliable and personal service to all our clients – whether private or corporate – coupled with complete integrity and professionalism.

Values and goals

Our ambition is to have targeted clients seek us out.

We aspire to have our targeted markets – intermediaries, institutions and individuals – respect, value and trust our specialist financial service capabilities so much that they actively seek us out.

Intrinsic to all aspects of our business are our values:

- We act with *integrity* in all dealings with clients, shareholders, regulators, staff and markets.
- We are *professional*, and focus on developing and implementing carefully selected market-driven solutions that meet our clients' needs.
- We are *reliable*, and satisfy all our stakeholder groups by delivering consistent results.
- We deliver *personal service*, and continue to foster and develop our relationship with all of Trust's stakeholders, old and new.

Our range of services:

- Financial and retirement planning
- Trustee and administrator for superannuation funds
- Funds management
- Executor and trustee services
- Custody of property and infrastructure assets
- Trustee for securitisation
- Trustee for perpetual charitable trusts and charitable foundations
- Trustee for notes, debentures and other finance vehicles
- Property management and sales
- Creation and operation of a range of products for intermediaries
- Responsible entity, custodian and administrator for unit trusts and other investment vehicles



Chairman's message

The 2002–2003 financial year has been one of many changes, and it has seen us strengthen our strategic position, and build on our proud history and experience.

The most significant event for us was the merger of Permanent Trustees and Trust Company, to form the new entity, Trust.



JOHN M THAME
CHAIRMAN

I am very proud to be able to welcome our shareholders, old and new, to Trust. We are all – shareholders, staff and clients – part of an organisation highly focused on its core values and strengths, and determined to continue to play our role as a significant participant in the Australian financial services industry.

Our focus and attention to detail has been rewarded; Trust has delivered solid results, despite a busy year made more complex by difficult market conditions.

The figures for the financial year ended 28 February 2003 require some discussion. The financial results for this period differ from the normal financial accounts as they incorporate almost three months of Permanent as well as a large number of one-off items and expenses related to the merger, which totalled in excess of \$6.8 million.

Whilst our profit from operations is a pleasing result of \$7.2 million, after a number of one-off merger expenses and significant items, Trust's consolidated result was a net profit of \$198,000.

The 2002-2003 financial results comprised:

- Revenue of over \$32 million
- Pre-tax profit from operations of \$7.2 million
- Consolidated operating net profit of \$198,000
- Total net shareholders' equity of \$122 million
- Net tangible asset backing of \$1.96 per share

Trust Company and Permanent – pre-merger – also performed well as individual businesses; Trust's Managing Director, Jonathan Sweeney, provides a more detailed evaluation of Trust's financial results, divisional performance and achievements as part of the Managing Director's report on page 6.

Our commitment to our shareholders continues to remain strong. During the year we paid dividends amounting to \$5.3 million for holders of Trust Company shares (pre-merger) and \$13.6 million for holders of Permanent shares (pre-merger). With our strong balance sheet the Board expects a 2004 fully-franked

dividend equivalent to a payout ratio representing approximately 90% of the after tax pre-amortisation profit.

The merger between Trust Company and Permanent has been well received and the benefits are already being realised:

- large market presence across the eastern seaboard
- leveraging the experience of over 400 people
- improvement in the liquidity and visibility of our shares
- market capitalisation of over \$160 million
- a broader exposure to a number of different market segments, covering corporations, intermediaries, and individuals.

Even as the merger occupied a considerable part of our focus, we did not lose sight of the day-to-day commitment to our clients and shareholders that is the foundation of both Trust Company and Permanent. We are committed to delivering quality products and personalised service. Our range of services is broad, including funds management, estate administration, financial planning, superannuation, and custodial services. As an organisation, we are poised for growth and positioned to provide sophisticated financial solutions to meet the needs of our client base.

An event as momentous as a merger affects company life at all levels, including at board level.

Gordon Moffatt, Chairman of Trust Company, retired in December 2002. Gordon first joined Trust Company as a Director in 1994, and was appointed as Chairman in 2000. On behalf of the current Board, I would like to thank him for his valuable guidance and contributions over the years; it is sincerely appreciated.

Neville Grace retired in February 2003. He had been a Director of Permanent since 1986, and was appointed Vice-Chairman in 1996. Neville takes our warmest wishes with him, and we thank him for his hard work on behalf of our shareholders.

Following the merger, the Trust Board consisted of an amalgamation of Directors from Permanent and Trust Company. During this time, five of the merged Board members announced their intentions to retire at the end of the 2003 Annual General Meeting. Following the Annual General Meeting, the number of directors on the Board will be reduced to five.

The retiring Directors are:

- Robert D Jeremy
- Peter C Cadwallader
- Warren J McLeland
- Robert G Lloyd
- Laurence J Gluskie

I would like to personally thank them for their commitment and loyalty, and their roles in overseeing the completion of the merger. The best wishes of Trust and myself go with them.

Finally, at the time of the merger, I also expressed my intentions to retire as Chairman at the next Annual General Meeting. I am pleased to announce that I am leaving the role of Chairman in good hands, as Bruce Corlett has accepted the Board's offer of the role after I retire.

Bruce has served on the Board of Trust Company since 2000, and his extensive experience in the financial services industry will be invaluable to Trust as the company begins to claim its place as one of Australia's leading financial services institutions.

I thank our shareholders for the opportunity they have given me, and I would also like to formally thank my fellow Directors for their support and advice during my Chairmanship; I leave Trust in the best of hands.



John M Thame
Chairman

Managing Director's report

A year of successfully met challenges culminated in the merger of Trust Company and Permanent, forming Trust.

A year of opportunity and progress

The decision to merge two of Australia's oldest independent financial institutions was based on complementary businesses and cultures, providing the opportunity for synergies and, most importantly, the potential for growth. The preparation in the lead up to the merger and the subsequent integration was a huge challenge for everyone involved; a challenge that I am pleased to say was met with an extraordinary level of commitment from staff and Directors across both companies.

Results

Last year's annual report predicted that 2003 would be a year of consolidation for the company, and, as forecast, Trust Company reported a net profit before tax of \$6.3 million, a rise of 3.2% over last year. On top of this the Permanent businesses contributed \$0.9 million, leading to a strong pre-tax operating result of \$7.2 million. We are pleased with this result as it was achieved despite weak investment markets, which impacted on the underlying fundamentals of our business. The annual consolidated result for the year to end February 2003 was a profit of \$198,000 due to a number of significant write-offs and expenses arising from the merger.

The result includes:

- almost three months of Permanent which benefited from the synergies gained post merger
- a large number of one-off items and expenses related to the merger which totalled approximately \$6.8 million.



JONATHAN W SWEENEY
MANAGING DIRECTOR

	2002 Trust Co 12 mths (\$million)	2003 Trust Co 12 mths (\$million)	6/12/02 to 28/02/03 Permanent (\$million)	Consolidation entries (\$million)	Consolidated result (\$million)
Operating revenue	20.093	21.831	9.357	-	31.188
Operating expenses	13.299	14.642	8.604	-	23.246
Results from operations (EBITDA)	6.794	7.189	0.753	-	7.942
Interest & dividends	0.481	0.368	0.461	-	0.829
EBTDA	7.275	7.557	1.214	-	8.771
Depreciation	1.145	1.231	0.340	-	1.571
Pre tax operating result	6.130	6.326	874	-	7.200
Merger & Significant Items					
Merger related costs	-	-	(0.807)	-	(0.807)
Surplus lease space	-	-	(1.887)	-	(1.887)
Unrealised loss on revaluation of company investment portfolio	-	-	-	(3.393)	(3.393)
Goodwill amortisation	-	-	-	(0.678)	(0.678)
Total Merger & Significant Items	-	-	(2.694)	(4.071)	(6.765)
Net profit/(loss) before tax	6.130	6.326	(1.820)	(4.071)	0.435
Tax	-	-	-	-	(0.237)
Net profit after tax	-	-	-	-	0.198

Underlying results

For the 2002-2003 year it is important to highlight the underlying contributions of both Trust Company and Permanent, and so look past the significant one-off impacts of the merger to focus on the performance of the individual businesses.

Trust Company

Trust Company's underlying business performed well. The full year pre-tax operating result of \$6.3 million was a rise of 3.2% over the period. This is especially pleasing given the weakness in the Australian equity market over the period, which fell some 18% from 1 March 2002 to 28 February 2003. The full year operating revenue was \$21.8 million, an increase of 8.7% over last year.

Our divisional areas performed solidly.

The Estates and Trusts division continued its recent history of strong results, posting a pre-tax profit of \$3.5 million on revenues of \$5.6 million.

The Superannuation division had a good year with revenues rising 25% to \$4.5 million, producing a maiden pre-tax profit of \$0.5 million, the result of strong performances in our compliance and small APRA areas. Our Superannuation Masterplan also did well over the period, increasing funds under management to \$92 million (up from \$75 million last year). The successful integration of the Beacon trustee business was a highlight for the year.

Managing Director's report continued

Trust Company (cont.)

The Funds Management division continued to build its external profile during this period, gaining a rating from InvestorWeb and van Eyk Research. While the Imputation Fund continues to perform strongly, investment in positioning the division for external growth reduced profits to \$4.1 million.

The Fiduciary division continued its steady progress with a second half growth in revenue of 6.7% and began to make inroads into the impact of the loss of a large client during the year.

The Private Client division had a difficult year with weak investment markets, staff turnover and a change in accounting policy affecting our results. Due to the tougher than expected conditions in the Private Client area, we have ceased to capitalise expenses.

This change in policy has resulted in a write-off of \$161,000 contributing to a loss of \$1.3 million. New measures have been implemented to improve the efficiency of the planner team, and streamline administration and quality control. Despite these difficult conditions, the network wrote \$89 million in new funds under administration over the period.

Permanent

The operating performance for the Permanent business since 6 December 2002 was strong due to the synergistic benefits achieved to date. We believe synergies for the 2004 financial year will amount to \$5 million pre-tax. The Permanent pre-tax profit for the period was \$0.9 million, including \$0.6 million from corporate, and \$0.4 million mainly from the estates and trusts area.

The merged result

As mentioned previously, the result encompasses a number of significant items and expenses. These items total some \$6.8 million and are broken down as follows:

Unrealised loss in revaluation of investment portfolio	\$3.4m
Surplus lease space	\$1.9m
Merger related costs	\$0.8m
Goodwill amortisation	\$0.7m
Total (pre-tax)	\$6.8m

Goodwill resulting from the merger is approximately \$59 million (which includes \$1.4 million of merger costs) and will be amortised over the next 20 years at approximately \$3 million per annum.

The merger

As a result of the merger, we have been able to consolidate our businesses, which has resulted in the following:

- \$70 billion of assets held as custodian or trustee
- \$6 billion in funds under superannuation trusteeship
- \$1 billion in managed funds
- \$960 million in estate assets under administration
- \$650 million in private client funds under administration
- \$250 million of charitable funds under administration
- \$122 million in shareholder funds

Realising the potential benefits of the merger means that all internal business processes across the company have to be re-evaluated and integrated in as smooth and timely a fashion as possible. As of 28 February 2003, we have successfully integrated the email systems and corporate accounting platforms, established divisional and organisational reporting lines, and consolidated our state offices.

Two key integration projects are still under way – the integration of the two different trust and estate administration platforms, and the full integration of all computer networks – and are on track to be completed by the end of September 2003.

I'm also pleased to report that we were successful in retaining key executives.

Another significant event was the exchange of contracts for the sale of Trust Company's Edgecliff property, now no longer required by the group. The sale of the property for \$5 million will realise an after tax profit of \$0.5 million, which will be included in the 2004 result. The net proceeds from the sale represent a premium of approximately 10% over book value.

With the internal re-organisation well on the way to completion, it was time to remind our clients and the market in general where we stood, and where we intend to go, by launching our new brand.

In order to prepare for the launch of the new brand, we undertook a research program that asked our clients, the market, and our staff how they perceived us. The results were extremely gratifying. It became apparent that above all, both Trust Company and Permanent are companies that were *trusted*. We then formalised our company values – Integrity, Professionalism, Reliability and Personal Service – and successfully launched the new entity's brand: Trust.

Objectives for 2003-2004

With the successful completion of the integration, and the launch of the new brand, Trust is positioned for growth in 2004.

We have adopted the following key assumptions for the year ending February 2004:

- Australian equity markets rise at least 5% from early March 2003 levels
- Company share portfolio value remains stable at \$30 million
- The composition of Trust's businesses and assets remains similar to that at the beginning of the year
- General economic conditions do not deteriorate

Given the above assumptions, we expect revenue to be in the order of \$60 million, EBITDA around \$14 million, resulting in a profit after tax of approximately \$10 million before amortisation of goodwill and the profit from the sale of the Edgecliff property. After these items, we expect a reported after tax profit of around \$7.5 million. Given the high level of goodwill amortisation, we will be monitoring our performance at the EBITDA level, as we believe this provides the best gauge of operational performance.

Please note that the above expectations exclude any realised or unrealised movement in the company's investment portfolio.

Managing Director's report continued

In the wake of the merger, the newly combined businesses (such as estates and trusts, corporate superannuation, private clients and property custody) have already benefited from economies of scale and a strengthened market position. In order to make sure we build on this, we have already begun a systematic strategic review of all our businesses that specifically targets profitability and future opportunities. This, of course, happens in conjunction with our standing commitment to monitor new opportunities to expand and refine our product range.

The Financial Services Reform Act was introduced by the Federal Government in 2002 and requires companies to apply for an Australian Financial Services Licence by March 2004. This is a critical event for all financial services companies, and Trust's preparations are well under way for a timely lodgement.

A comprehensive internal education program will also take place to ensure that all staff are fully familiar with the compliance requirements of the Act.

As John Thame announced in his Chairman's message, a number of changes to the Board will occur at the Annual General Meeting. I would like to personally

thank John for his guidance and support as Chairman as he oversaw the initial stages of the merger. Furthermore, I am grateful for the support and counsel of all the Directors, which has been invaluable in helping work through the complexities of merging and integrating the two businesses.

I would also like to acknowledge the contributions and hard work of Gordon Moffatt, Neville Grace, Peter Cadwallader, Laurence Gluskie, Robert Jeremy, Robert Lloyd, and Warren McLeland and wish them well for the future.

No company can succeed without hard work and commitment and our management team has worked very hard to make the merger a success. I would like to thank the team for all their efforts and also all of our staff who have helped us become the company we are today.

Above all, 2004 will be a year of growth for Trust as we set ourselves to take full advantage of the opportunities that the merger and the market provide us. I have no doubt that Trust is on the right path to becoming one of Australia's most respected financial institutions, and I look forward to the year ahead.



Jonathan W Sweeney

Managing Director

Company activities

Trust Super

Pre-merger results

	2002	2003
Revenue	\$3,554,000	\$4,452,000
Profit (pre-tax)	(\$140,000)	\$540,000

The significant results were:

- Funds under trusteeship increased 33% despite significant downturn in investment markets.
- Master Plan funds under management rose 22% to \$92 million.
- Specialist Superannuation Trustee (assets under trusteeship) up 35% to \$5.4 billion.
- Small APRA Funds (assets under trusteeship) up 4%.

A notable addition to our client base during the year was Beacon Funds Management, bringing in an additional \$300 million in funds under trusteeship and around 140 Small APRA Funds.

Trust Super finished the year with funds under trusteeship in excess of \$5.5 billion.

The new brand

Trust Super was created from Trust Company Superannuation Services Limited and Permanent's Supervision.

The merger resulted in one of the largest specialist superannuation services providers in Australia.

Our services include trusteeship of:

- Master trusts
- Small APRA funds
- Corporate funds
- Pooled vehicles

The merger with Permanent brought an additional \$1 billion in funds under trusteeship bringing total funds under superannuation trusteeship to over \$6 billion.

The future

Trust Super will continue to focus on the areas where we offer expertise and true value to our clients.

- Personal superannuation – where we act as trustee and administrator for small APRA and administrator for self managed funds.
- Compliance – where we act as trustee for master funds, pooled superannuation trusts, wrap accounts and corporate funds.
- Master Plan – where we provide a comprehensive superannuation vehicle to individuals and companies that allows access to a range of wholesale investments through a simple administration function.



WE ARE
PLEASED WITH THE
SUPERANNUATION
DIVISION'S
PROGRESS OVER THE
PAST 12 MONTHS.



PETER STOREY
GENERAL MANAGER -
TRUST SUPER

Company activities continued



DESPITE A SLIDE
IN INVESTMENT
MARKETS, TRUST
PRIVATE MOVED
FORWARD.

Trust Private

Pre-merger results

Private clients

	2002	2003
Revenue	\$3,454,000	\$3,416,000
Profit (pre-tax)	(\$1,060,000)	(\$1,291,000)

The highlights were:

- \$89 million in new funds under advice written
- Our Professional Partnership Program with accountancy practices generated 45% of our new business for the 2002-2003 year.

Estates and Trusts

	2002	2003
Revenue	\$3,993,000	\$5,550,000
Profit (pre tax)	\$2,386,000	\$3,505,000

Trust Private's Estate and Trust division had a strong year, increasing its revenue by 39% and pre-tax profit by 47%.

The new brand *trust | private*

Trust Private was created from Trust Company's Private Client, Estates and Trusts areas as well as Permanent's Private Clients division.

The Trust Private brand represents two product divisions within Trust – Private Clients and Estates and Trusts.

Trust Private has over \$650 million in funds under advice and \$960 million in estate assets under administration.

Private Clients

- Financial planning
- Retirement planning
- Portfolio administration
- Private pension services
- Property & asset management
- Power of attorney & agency services

Estates & Trusts

- Wills & estate planning
- Insurance services
- Power of attorney & agency services
- Estate administration
- Charitable foundations
- Taxation services

The future

We will:

- continue to expand external referral sources through the Professional Partnership Program
- complete the integration of our business units
- develop and market new products in the estate planning area
- capitalise on our strong reputation in the estates and trusts market



STEVE MURRAY
GENERAL MANAGER -
PRIVATE CLIENTS



PAUL SHEPPARD
GENERAL MANAGER -
ESTATES AND TRUSTS

Trust Funds

Pre-merger results

	2002	2003
Revenue	\$5,125,000	\$5,118,000
Profit (pre-tax)	\$4,751,000	\$4,145,000

Highlights of the year included:

- Equity team being rated by two leading research houses
- Principal sponsor of the Independent Financial Advisor Conference, including the 2003 IFA/Trust Funds Advisor of the Year Award
- Superior performance for the flagship Imputation Fund over all periods to 28 February 2003, as shown below:

Compound average returns	1 year %	3 years %p.a.	5 years %p.a.
S&P ASX 200 Accumulation Index	-14.74	-0.26	4.39
Imputation Fund	-13.55	9.70	7.43

Source: Permanent Trustee Australia Limited – assumes re-investment of income
Past performance is not a guide to future performance

The new brand

Trust Funds was created from the fund management teams of Trust Company and Permanent.

The division's product offering encompasses:

- Australian share funds
- Cash and bond funds
- Mortgage fund investment and lending

Trust Funds division has over \$1 billion in funds under management.

The future

We will:

- continue the integration and rationalisation of Trust and Permanent funds
- maintain strong investment performance
- increase the flow of funds from external parties



THE FUNDS
MANAGEMENT
DIVISION MAINTAINED
REVENUE DESPITE
POOR INVESTMENT
MARKETS.

Company activities continued



OUR SPECIALIST
PROPERTY AND
CUSTODY DIVISION
CONTINUED ITS
STEADY PROGRESS.

Trust Fiduciary

Pre-merger results

	2002	2003
Revenue	\$2,534,000	\$2,406,000
Profit (pre-tax)	\$1,497,000	\$1,176,000

The highlights were:

- Growth in our Property & Infrastructure Custody business by \$3 billion in Funds Under Administration
- Custodian to five new Property & Infrastructure ASX IPOs currently capitalised at a total of \$2.5 billion

The new brand *trust* | corporate

Trust Corporate was created from Trust Company's Fiduciary division and Permanent's Corporate Services division.

The Trust Corporate brand represents two product divisions within Trust – Corporate services and Fund services.

Trust Corporate has over 250 different clients representing \$70 billion in assets held as custodian or trustee, for whom we provide custody, administration or trusteeship.



MIKE BRITTON
GENERAL MANAGER -
CORPORATE SERVICES

Corporate services

- Property, mortgage and infrastructure custody services
- Specialist corporate trustee services
- Structured finance services
- Securitisation trustee services

Fund services

- International & domestic custody
- Investment administration
- Registry



JOHN WALL
GENERAL MANAGER -
FUNDS SERVICES

The future

We will:

- continue to leverage our skill base into new product areas, further developing into niche markets and building strong client relationships
- develop business alliances to enhance competitiveness, increase market penetration, achieve economies of scale and engage in new business opportunities.

Trust Intermediaries

Highlights include:

- The launch of a new estate and administration service
- The ongoing development of a sophisticated estate planning service able to be delivered by financial planners and intermediaries

We also commenced development of an innovative Individually Managed Account (IMA) service for equity investment.

The new brand  *trust* / *intermediaries*

Trust Intermediaries is a specialised brand, created to bring together our product offerings designed for intermediaries, and also extend an intermediary's own client reach and service delivery.

Trust Intermediaries focus is:

- Professional Partnership Program
- Individually Managed Account services
- IDPS platform
- Mastertrust platform
- Sophisticated estate planning service
- Specialised estate administration outsourcing service

The future

We will:

- continue to work with our intermediary clients to identify new product needs and bring them into the market.



DURING THE YEAR
TRUST COMPANY
DEVELOPED AND
LAUNCHED A RANGE
OF NEW PRODUCTS
AIMED AT
SUPPORTING OUR
INTERMEDIARY
CLIENTS.

Company activities continued



TRUST HAS A
GENEROUS CLIENT
BASE WHO SUPPORT
MANY CHARITABLE
CAUSES.

Trust Foundation

Trust provides a charitable investment, administrative and trustee service that allows our clients to donate to worthy causes in the most effective manner. This service allows clients to nominate worthy causes they wish to support. Alternatively, clients can allow Trust to support a wide range of charities on their behalf.

Where Trust have been given discretion by our clients to support charitable causes, we have selected the following projects:

- Life Education, Royal District Nursing Service, Howard Florey Institute of Experimental Physiology & Medicine, State Library of Victoria, World Vision Australia, Dolphin Research Institute and Queens College Melbourne

The new brand *trust* / foundation

Trust Foundation represents Trust Company's Charitable Trust business and Permanent's Private Clients charitable business. We have over \$250 million in charitable funds under administration.

Trust Foundation supports those in need by providing funds for charitable causes across Australia. This is an effective and efficient way for individuals to make perpetual gifts to chosen causes.

The foundation focuses on:

- Education
- Health
- Medical Research
- Scholarships
- Awards

The future

We will:

- maintain a focus on donating to causes where the generosity of our clients is maximised
- invest on behalf of the funds to grow capital and generate income for giving
- make available simple and effective structures to allow our clients to support charitable causes.

Service centres

Human Resources

After bringing together the staff of both Permanent and Trust Company into one team of over 420 people, the Human Resource department's next challenge is to meld together two different cultures that will work together to take our company forward.

Strategy & Business Development

With responsibility for sales, communications marketing, and product development, we are working on a number of projects that will lead to an improved product range and increased client satisfaction.

Information Technology

Information Technology has been focused on the merging of the two information technology environments and has made considerable progress. The major project for 2003 is to migrate all our private clients onto Trucis, our administration platform.

Compliance

The Compliance and Internal Audit departments both ensure that the group operates in accordance with its statutory, regulatory and licensing agreements; and that all operate in a best-practice control environment. The challenge ahead is to create one compliance and risk management environment covering the whole group.

Legal

Legal oversees the regulatory and legal environment for Trust, both as a licensed financial services company and a public company. A significant task for 2003 is overseeing the conversion to the Financial Services Reform Act licensing regime.

Finance and Administration

After merging the accounting systems and records of both Trust Company and Permanent, Finance and Administration's prime task is to develop the accounting environment so that it fully supports Trust's product-based structure.



DAVEN MOLDRICH
HEAD OF HUMAN RESOURCES
AND SALES



STEPHEN TROMPP
GENERAL MANAGER -
STRATEGY & BUSINESS
DEVELOPMENT



JOHN DINAN
GENERAL MANAGER -
IT & INTEGRATION
JOINT COMPANY SECRETARY



IAN NICOL
GENERAL MANAGER -
FINANCE & ADMINISTRATION



GEOFF CORDEROY
GENERAL MANAGER -
LEGAL SERVICES
JOINT COMPANY SECRETARY

The Board



JOHN M THAME
CHAIRMAN,
NON-EXECUTIVE DIRECTOR

John M Thame

AIBF, FCPA

Chairman, Non-Executive Director, aged 61

Mr Thame was appointed a Director of Permanent in December 1997 and Chairman in September 1998. He was appointed as the Chairman of Trust in December 2002 and is a member of the Audit Committee. He was the Managing Director of Advance Bank Australia from 1986 to 1997 when it was purchased by St George Bank. He is a Director of St George Bank Ltd, Reckon Limited and AWB Limited and is a part-time member of the Council of the National Museum of Australia.



JOHN G MACARTHUR-STANHAM
VICE-CHAIRMAN,
NON-EXECUTIVE DIRECTOR

John G Macarthur-Stanham

BEC, MBA

Vice-Chairman, Non-Executive Director, aged 42

Mr Stanham was appointed a Director of Trust in 1991. He is a consultant to CSR Limited, and currently a Director of Gove Aluminium Finance Limited. He previously held a position with CSR Limited in Corporate Development and has also been the Group Commercial Manager for Refined Sugar, a Director of Sugar Australia, and the New Zealand Sugar Company. He has experience as a director on several CSR subsidiary and related companies.



JONATHAN W SWEENEY
MANAGING DIRECTOR

Jonathan W Sweeney

BCom, LLB, AIIIMR (UK)

Managing Director, aged 40

Mr Sweeney joined Trust in 1991 and held the positions of Joint General Manager and Joint Managing Director prior to being appointed Managing Director in October 2000. He has had extensive experience in the funds management industry, having held positions in the United Kingdom with the Gartmore Group, and in Australia with Armstrong Jones, before joining Trust.



PETER C CADWALLADER
NON-EXECUTIVE DIRECTOR

Peter C Cadwallader

BEC, FCA

Non-Executive Director, aged 61

Mr Cadwallader was appointed to the Permanent Board in April 1999 and as a Director of Trust in December 2002. Mr Cadwallader is Chairman of the Remuneration Committee and a member of the Audit Committee. He is a Director of Wattyl Limited, Gympie Gold Limited, and a number of other companies.

R Bruce Corlett

BA, LLB

Non-Executive Director, aged 58

Mr Corlett was appointed to the Board of Trust in 2000. He currently serves as a non-executive director of a number of public companies including Adsteam Marine Ltd (Chairman), Servcorp Ltd (Chairman) and Stockland Trust Group. He is also a Fellow of the Senate at the University of Sydney. Although a solicitor by training, Mr Corlett has spent much of his life involved in the Australian finance, property and securities industries.



R BRUCE CORLETT
NON-EXECUTIVE DIRECTOR

Laurence J Gluskie

BEC, FCA

Non-Executive Director, aged 67

Mr Gluskie was appointed a Director of Permanent in December 1997 and a Director of Trust in December 2002. He practised as a chartered accountant for many years and was the Chief Executive Officer of Employers Mutual Indemnity Association Ltd from 1986 until 1995. He was Chairman of Whitefield Ltd and Sylvastate Ltd from 1990 until 2003.



LAURENCE J GLUSKIE
NON-EXECUTIVE DIRECTOR

Robert D Jeremy

BA (Hons), LLB

Non-Executive Director, aged 45

Mr Jeremy was appointed to the Trust Board in 1999, and is the General Manager, Commercial, of Pacific National, the rail joint venture owned by Toll Holdings Limited and Patrick Corporation Limited. He has previously held senior management positions at Toll Holdings and TNT Australia. He practised corporate and commercial law with leading law firms in Australia, the United Kingdom and Asia until 1995.



ROBERT D JEREMY
NON-EXECUTIVE DIRECTOR

Robert G Lloyd

FAICD

Non-Executive Director, aged 62

Mr Lloyd was appointed to the Trust Board in 1999. He retired in 1997 after a long career with National Australia Bank, where he held a number of senior positions with a particular emphasis on the application of technology in business. He is currently a Vice-President of the Melbourne Cricket Club and is Chairman of the MCC Commercial Sub-committee.



ROBERT G LLOYD
NON-EXECUTIVE DIRECTOR

The Board continued



WARREN J MCLELAND
NON-EXECUTIVE DIRECTOR

Warren J McLeland

BSc Hons, ASIA, MSI, MBA

Non-Executive Director, aged 57

Mr McLeland was appointed a Director of Trust in 1997. He was previously a stockbroker and member of the Sydney Stock Exchange and a senior managing director with Chase Manhattan Bank, and he has over 30 years experience in domestic and international financial services business. He is a director of, and adviser to, a number of public companies including Australian Opportunities Trust, a significant shareholder in Trust.



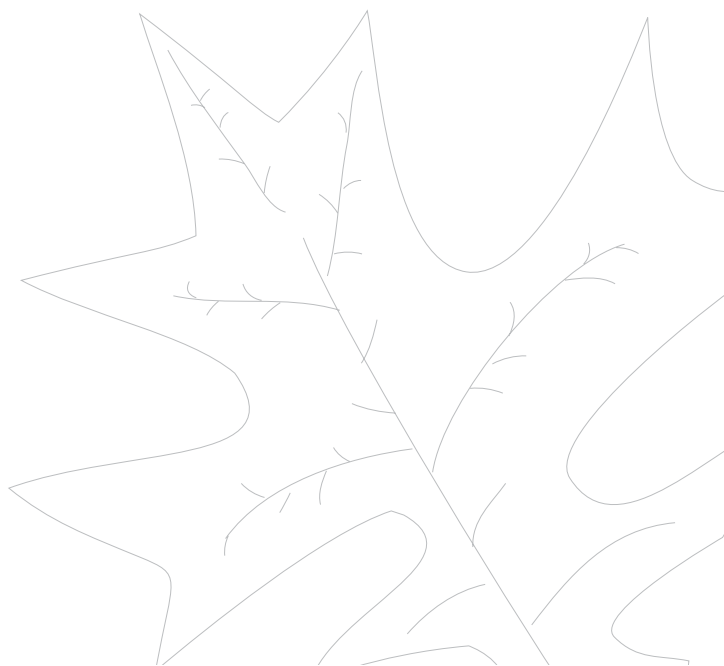
DUNCAN P SAVILLE
NON-EXECUTIVE DIRECTOR

Duncan P Saville

BCom (Hons), BSc (Hons) FCA ASIA.

Non-Executive Director, aged 46

Mr Saville was appointed a Director of Permanent in 1998. A chartered accountant, he is the principal of a funds management group. He is an experienced non-executive director.



Corporate governance

The Directors are responsible for the corporate governance practices of the company. This statement sets out the main corporate governance practices that were in operation throughout the financial year, except as otherwise indicated.

The Board of Directors

- The Board consists of not less than four and no more than eleven Directors.
- At least two thirds of Directors must be non-executive.
- The Chairman must be a Non-Executive Director.
- The Directors possess a broad range of skills, qualifications and experience.
- The Board meets at least 10 times a year.
- All available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to the meeting.

On the day the Directors report was made, the Board consisted of nine non-executive directors and one executive director. Details of the Directors are set out on pages 18 to 20.

Primary responsibilities

The primary responsibilities of the Board include:

- The appointment of a suitable CEO
- The approval of the annual and half-yearly financial reports
- The establishment of the long term goals of the company and strategic plans to achieve those goals
- The review and adoption of annual budgets for the financial performance of the company, and the monitoring of the results on a regular basis
- Ensuring that the company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

- Ensuring significant business risks are identified and effective strategies are in place to manage these
- Maintaining high ethical and business standards for our company

Nominating directors

Any member of the Board may nominate a person to be considered for appointment to the Board. The Board as a whole will consider the merits of the nomination and if the candidate has the required attributes, the candidate will be invited to meet with the Board to discuss the possible appointment. Once the meeting has concluded, a motion appointing this person, as a member of the Board must be passed unanimously by the Board. Any appointment made during the year will be ratified at the next Annual General Meeting.

Attributes that are considered in the appointment of Board members are:

- good repute
- significant influence in the community
- significant business or academic skills and expertise.

Retirement of Board Directors

The Company's Articles of Association provide for the compulsory retirement of non-executive directors of the Board at 72 years of age.

Independent advice

Directors in the furtherance of their duties are able to seek independent professional advice at the company's expense by tabling a request to do so at a Board meeting. Such a request will be granted, but the independent professional advice if obtained at company expense must also be made available to the company.

Corporate governance continued

Remuneration

Remuneration arrangements for senior executives are considered by the Board. Review of remuneration is based on past performance, experience, education and future expectations of the person under consideration.

Remuneration packages contain the following key elements:

- salary/fees
- benefits – including the provision of motor vehicles, car parking, superannuation, loans and other fringe benefits

Advice on remuneration for non-executive directors is sought from external parties as required. The remuneration of the Directors and the five most highly paid executives of the company for the period are disclosed on page 26 of the Directors' report.

Audit committee

The company has an audit committee. The audit committee as at the date of this report consisting of John G Macarthur-Stanham (Chairman), Peter C Cadwallader and Laurence J Gluskie.

The role of the audit committee is as follows:

Objectives

The primary objective of the committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the company

and each of its controlled entities. In addition, the committee will:

- oversee and appraise the quality of the audits conducted by both the company's internal and external auditors
- maintain by scheduling regular meetings, open lines of communications among the Board, the internal auditors and the external auditors to exchange views and information, as well as confirm their respective authority and responsibilities
- serve as an independent and objective party to review the financial information presented by management to shareholders, regulators and the general public
- determine the adequacy of the company's administrative operating and accounting controls.

Composition

The Board shall annually confirm the membership of the audit committee, which will be comprised of at least two directors from the Board, each of whom will be non-executive and independent of senior management and operating executives of the company and any of its controlled entities, and free from any relationships which might, in the opinion of the Board, be construed as a conflict of interest. One of the members shall be appointed Chairperson of the committee by the Board.

Term of membership

Members of the committee shall be appointed for an initial term of three years, after which they will be eligible for reappointment. The Chairperson shall be reappointed annually by the Board.

Meetings

The committee will hold at least two regular meetings per year and such additional meetings as the Chairperson shall decide in order to fulfil its duties. In addition, the Chairperson is required to call a meeting of the committee if requested to do so by any committee member, the company's chief executive, the internal auditor or the external auditors.

A quorum shall consist of two Board committee members.

Access

The committee shall have unlimited access to both the internal and external auditors and to senior management of the group. The committee shall also have the ability to consult independent experts where they consider it necessary to carry out their duties.

Duties and responsibilities

The duties and responsibilities of the audit committee have been detailed comprehensively and were adopted by resolution of the Board.

Auditor independence policy

Recent developments concerning the issue of auditors' independence has lead to a review of the current Trust Company policy regarding auditors' independence and the provision of non-financial report audit services by the auditors.

After careful consideration of the current International Federation of Accountants (IFAC) guidelines as well as the Australian government commissioned report on auditor independence commonly known as the Ramsay Report (October 2001) the Audit Committee recommend that the following auditor independence policy be adopted by Trust:

Any statutory auditor of any entity in the Trust Company Group (including funds for which we act as trustee) will not be used for the provision of the following services for the relevant entity:

- book-keeping services
- complete outsourcing of the Internal Audit function
- asset or liability valuation services where material to the financial report
- any service which requires the provider to act as an officer of the company and/or be in a decision making role
- litigation services where the auditor would be required to act as an advocate of the company or where the amounts involved are material to the financial statements
- any service prohibited by the Corporations Act to be provided by the auditor.

In respect to the provision of any non-audit services by any statutory auditor of any entity in the Trust Company Group (including funds for which we act as Trustee) involving fees greater than \$100,000, prior approval by the audit committee will be obtained.

This policy is congruent with the recommendations contained in the Ramsay Report on the Independence of Australian Company Auditors and exceeds the requirements of the IFAC rules.

Corporate governance continued

Risk management

Areas of potentially significant business risk can be quite different in a trustee company than in other companies. Whilst the Board approves the investment policy for the investment of trust funds and common funds, the company administers a range of other activities which could involve risk, but not necessarily of an investment nature. Consequently, it is vitally important that Board policies are adhered to throughout the company. Trust has a significant internal and compliance audit program in place. Trust has an executive risk management committee that meets periodically to identify potential areas of risk and opportunity facing the company, and reports these matters directly to the Board.

Ethics

Trust's values and goals which are derived from its ethical philosophy are detailed on page 3 of this report.

In addition, Trust has administrative and best practices manuals, which are regularly updated, covering all its activities. Adherence to the principles and rules as well as company policy, laid down in these manuals, contribute to a strong corporate ethic.

As a result of basic trustee activities, which are governed by law and require a high code of conduct relating to fiduciary responsibilities, corporate culture throughout the whole of Trust is based on a high standard of ethical behaviour.

Trust is one of a number of companies, which administers in a trustee capacity, funds, trusts and estates that hold shares in Trust itself.

As a result, it is important that the voting rights relating to these shares be properly used. The Trustee Companies Act sets out various circumstances governing use of these voting rights and Trust has received senior counsel's opinion on how these voting rights should be exercised. As a result, Trust's policy is as follows:

Estates, trusts and common funds

Votes should only be exercised on matters affecting the welfare of those shareholdings.

Agency clients

Votes should only be exercised for agency clients for whom the company holds a proxy or an appropriate power of attorney.

Trust Company staff superannuation fund

Votes should be exercised only on receipt of a proxy from the trustee of this Superannuation Fund.

Other superannuation funds

Proxies should be issued on instruction of the trustees of these superannuation funds.

Directors' report

The Directors of Trust Company of Australia Limited (the parent entity) present their report together with the financial statements of the company and its controlled entities for the financial year ended 28 February 2003.

Directors

The names of the current Directors in office at the date of this report, and particulars of their qualifications and experience are on pages 18 to 20.

Details of all Directors of the company up to the period 28 February 2003 are contained on page 26.

Principal activities

On 6 December 2002 Trust Company merged with Permanent.

The principal activities of the Trust Group during the course of the financial year are to provide a wide range of financial services, including acting as trustee, executor, administrator, attorney, agent, superannuation services provider, custodian, securitisation trustee, nominee, registrar, investment advisor (financial planning), funds manager and Single Responsible Entity.

Consolidated results & review of operations

The consolidated operating profit before tax for the financial year was \$0.4 million (2002: profit of \$6.1 million). Operating profit after income tax was \$0.2 million (2002: Profit of \$4.3 million).

The reduction in net profit was largely due to the merger and significant items expensed of \$6.8 million as outlined in this financial report.

Consolidated total revenue from operations comprised revenue from core activities of \$31.2 million (2002: \$20.1 million) and other revenue of \$1.0 million (2002: \$0.6 million). For further information concerning the results and review of operations please refer to the Managing Director's report on page 6.

Subsequent events

On 17 April 2003, contracts were exchanged for the sale of the Edgecliff property for \$5 million.

The written-down value at balance date was \$4.3 million. Settlement is expected around 29 May 2003.

An interim dividend of 13 cents per share fully franked was declared on 8 May 2003 to be paid on 6 June 2003.

Future developments

Disclosure of further information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations, (other than what is already discussed in this Annual Report) is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Dividends

Since the previous financial year:

- (i) In respect of the financial year ended 28 February 2003, a special dividend at the rate of 11 cents per fully paid ordinary share (\$1.78 million) was paid as a fully franked dividend at 30%.
- (ii) In respect of the financial year ended 28 February 2003, an interim dividend at the rate of 11 cents per fully paid ordinary share (\$1.78 million) was paid as a fully franked dividend at 30%.

Directors' report continued

Directors' and executives' remuneration

Remuneration arrangements for executive directors and other senior executives are considered by the Board.

Remuneration for non-executive members of the Board is similarly reviewed by the Board as and when the circumstances dictate.

Remuneration is reviewed with due regard to performance criteria established within a formal appraisal system operating for all executive officers and for all staff. The advice of external advisors is periodically sought in order to retain and attract qualified and appropriately skilled staff.

Directors' fees are reviewed from time to time with due regard to external specialist advice as to reasonable remuneration.

In addition to fees paid to non-executive directors, other benefits represent compulsory superannuation contributions where applicable. Directors' superannuation entitlements attributable to these contributions are deducted from any retirement allowance payable under the Permanent Trustees Directors Retirement Plan when they leave the Board. The Permanent Trustees Directors Retirement Plan ceased operation on 6 December 2002.

Details of the nature and amount of each major element of the fees paid to non-executive directors are:

Name	Salary/ Fees	Other benefits	Total
	\$	\$	\$
Non-Executive Directors			
R Bruce Corlett	35,000	10,833	45,833
Robert D Jeremy	35,000	-	35,000
Robert G Lloyd	35,000	-	35,000
John G Macarthur-Stanham	50,000	13,333	63,333
Warren J McLeland	37,500	8,333	45,833
Gordon M Moffatt (retired 12/12/02)	58,846	-	58,846
Non-Executive Directors since 6/12/02			
John M Thame (Chairman)	19,904	1,791	21,695
Peter C Cadwallader	10,538	948	11,486
Laurence J Gluskie	10,538	948	11,486
Duncan P Saville	10,538	948	11,486

Remuneration for Directors comprises the following components:

- Salary; and
- Benefits - superannuation, provision of motor vehicle, shares, related fringe benefits tax and remuneration for other Director related services.

Details of the nature and amount of remuneration paid to the five most highly-paid executive officers of the company were:

Name & position	Fixed ⁽¹⁾ (\$)	Variable short term ⁽²⁾ (\$)	Variable long term ⁽³⁾ (\$)	Total (\$)
Jonathan W Sweeney Managing Director	297,841	25,000	-	322,841
John M Dinan General Manager IT & Integration	159,082	-	19,299	178,381
Jeremy N Edmonds General Manager Funds Management	168,101	-	-	168,101
Stephen R Trompp General Manager Strategy & Business Development	146,032	-	19,299	165,331
Peter J Storey General Manager Superannuation	153,621	-	5,128	158,749

(1) Represents the sum of salary, all superannuation contributions, salary sacrificed benefits and fringe benefits tax.

(2) The variable short term component is a cash incentive calculated on a sliding scale based on the performance of Trust and the individual.

(3) The variable long term incentives were linked to a three year performance period, which was cancelled on merger, resulting in a cash payment in lieu of shares.

Details of options and shares allocated (all employees):

Options	Total options allocated	Participants	Exercise price	Expiry date	Allocation date
Tranche 1	100,000	Jonathan W Sweeney	\$3.14	July 2004	July 2000
Tranche 2	150,000	Jonathan W Sweeney	\$3.14	July 2006	July 2000

As detailed in the 2002 annual report Bruce G Barker retired as an executive director and exercised options entitling him to 100,000 shares at an exercise price of \$3.143 during 2002.

As a consequence of certain dividends having been paid to shareholders prior to the options being exercised, Mr Barker became entitled to receive an additional 15,757 shares at a cost of \$3.143 per share. These shares were issued to Mr Barker on 21 February, 2003.

Directors' shareholdings

Directors' shareholdings in fully paid ordinary shares of the company at the date of this report are set out on page 28.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year, 14 Board meetings (13 pre 6 December 2002), and 2 audit committee meetings were held.

	Board of Directors		Audit Committee	
	Held	Attended	Held	Attended
John M Thame	1	1	-	-
Peter C Cadwallader	1	1	-	-
R Bruce Corlett	14	13	-	-
Laurence J Gluskie	1	1	-	-
Robert D Jeremy	14	12	-	-
Robert G Lloyd	14	13	2	2
John G Macarthur-Stanham	14	14	2	2
Warren J McLeland	14	13	-	-
Gordon M Moffatt – retired 12/12/02	14	13	-	-
Duncan P Saville	1	1	-	-
Jonathan W Sweeney	14	14	-	-

In addition, the directors were involved in numerous other subcommittees during the year.

Details of each director of the company during and since the end of the year are contained on pages 18 to 20 of this report.

Directors' benefits

Since the end of the previous financial year, no Director of the parent entity has received or become entitled to receive any benefit (other than a receivable by Directors shown in note 24 to the financial statements) by reason of a contract made by the parent entity, its controlled entities or a related body corporate with the Director or with a firm of which he is a member, or in which he has a substantial financial interest, except as referred to in note 24 to the financial statements.

Indemnification of Directors

To the extent permitted by law, the company has resolved to indemnify directors against any liability incurred by the director as a consequence of being a director of a group company except where the liability arises out of conduct on the part of the Director that involves a lack of good faith.

Directors' and Officers' Liability Insurance

The company has arranged Directors' and Officers' Liability Insurance policies which cover all the Directors and Officers of the company and its controlled entities against certain liabilities they may incur in carrying out their duties for the Trust Group. The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

Directors' report continued

Authorised Trustee

The parent entity is a recognised Trustee Company in New South Wales, Victoria and Queensland under the respective State Acts. The parent entity is also an authorised trustee corporation as defined in Section 9 of the Corporations Act.

Class Order

Pursuant to Class Order 98/105 dated 10 July 1998 made under section 314 of the Corporations Act, the parent entity is relieved from the requirements of paragraphs 4.1 to 7.2 of AASB 1033 and paragraphs 4.1 to 7.2 of AASB 1034 in relation to the disclosure in the financial statements of:

- a) liabilities incurred by the parent entity whilst acting as trustee or in any representative capacity in respect of which the parent entity has a valid and subsisting right of indemnity out of any assets which are sufficient to satisfy such right of indemnity; and
- b) assets, consisting of the nature and amount, from which the parent entity has a right of indemnity in respect of liabilities referred to in (a).

Audit Committee

At the date of this report, Trust Company of Australia Limited has a formally constituted Audit Committee of the Board.

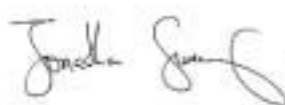
Rounding

The company is of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and, in accordance with that Class Order, amounts in this report and in the financial report have been rounded off to the nearest thousand dollars.

Director's shareholdings as at date of the financial report

	Beneficially held	Non-beneficially held
	2003	2003
John M Thame	2,372	Nil
Peter C Cadwallader	1,186	Nil
R Bruce Corlett	86,850	38,090
Laurence J Gluskie	9,485	403,104
Robert D Jeremy	1,500	Nil
Robert G Lloyd	5,000	29,550
John G Macarthur-Stanham	203,850	250,920
Warren J McLeland	1,520	15,000
Duncan P Saville	1,186	1,205,474
Jonathan W Sweeney	191,760	786,270

Signed on behalf of and in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act.



Jonathan W Sweeney

Managing Director

Sydney, 22 May 2003



John M Thame

Chairman

Sydney, 22 May 2003

2003 financials



The Trust financial results for the 2003 year have been impacted by a number of items:

- A full 12 months of Trust Company
- Approximately 3 months of Permanent as of 6 December 2002
- Significant one-off and merger costs including unrealised losses on the group's investment portfolio, provisioning for lease space, merger costs and amortisation of good will.

2003

Trust Company of Australia Limited and its controlled entities

statement of financial performance

for the financial year ended 28 february 2003

	notes	consolidated		parent entity	
		2003	2002	2003	2002
		\$000	\$000	\$000	\$000
Revenues from ordinary activities	2(a,b)	32,200	20,789	21,174	20,063
Expenses from ordinary activities other than unrealised loss on revaluation of investment portfolio and borrowing costs	2(c)	(28,368)	(14,659)	(15,183)	(14,118)
Unrealised loss on revaluation of Investment portfolio	2(d)	(3,393)	-	-	-
Borrowing costs		(4)	-	-	-
Profit from ordinary activities before income tax	4	435	6,130	5,991	5,945
Income tax (expense)/benefit relating to ordinary activities	4	(237)	(1,821)	(1,547)	(1,648)
Net profit from ordinary activities after tax		198	4,309	4,444	4,297
Net profit attributable to outside equitable interests		-	5	-	-
Net profit attributable to attributable to members of the parent entity		198	4,304	4,444	4,297
Total revenue, expense and valuation adjustments recognised directly in equity		-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		198	4,304	4,444	4,297
Earnings per share					
Basic (cents per share)	20	1.0	27.6		
Diluted (cents per share)	20	1.0	26.8		

The accompanying notes on pages 33 to 62 form part of the financial statements.

Trust Company of Australia Limited and its controlled entities

statement of financial position

as at 28 february 2003

	notes	consolidated	parent entity		
		2003	2002	2003	2002
		\$000	\$000	\$000	\$000
Current assets					
Cash assets	29(d)	3,637	9,123	3,573	9,099
Receivables	7(a)	15,157	1,598	5,577	1,616
Current tax assets	11(a)	1,322	-	432	167
Total current assets		20,116	10,721	9,582	10,882
Non-current assets					
Receivables	7(b)	3,066	472	100	452
Other financial assets	8	29,983	-	105,204	5,113
Property, plant and equipment	9	24,368	19,980	19,600	19,980
Intangible assets	10	58,470	-	-	-
Deferred tax assets	11(b)	4,270	964	808	956
Total non-current assets		120,157	21,416	125,712	26,501
Total assets		140,273	32,137	135,294	37,383
Current liabilities					
Bank overdraft – unsecured	29(c)	1,563	-	-	-
Payables	13(a)	5,329	2,408	6,952	7,671
Current tax liabilities	15(a)	883	6	235	-
Provisions	14(a)	3,435	2,218	634	2,218
Total current liabilities		11,210	4,632	7,821	9,889
Non-current liabilities					
Payables	13(b)	3,387	-	-	-
Deferred tax liabilities	15(b)	2,806	739	1,134	739
Provisions	14(b)	1,136	376	369	376
Total non-current liabilities		7,329	1,115	1,503	1,115
Total liabilities		18,539	5,747	9,324	11,004
Net assets		121,734	26,390	125,970	26,379
Equity					
Contributed equity	17(a)	104,149	5,445	104,149	5,445
Reserves	18(a)	654	654	654	654
Retained profits	19	16,931	20,291	21,167	20,280
Total equity		121,734	26,390	125,970	26,379

2003

Trust Company of Australia Limited and its controlled entities

statement of cash flows

for the financial year ended 28 february 2003

	notes	consolidated	parent entity		
		2003	2002	2003	2002
		\$000	\$000	\$000	\$000
Cash flows from operating activities:					
Receipts from operations		29,489	20,098	18,370	18,882
Payments to suppliers and employees		(27,603)	(14,435)	(13,069)	(13,815)
Dividends received		343	-	-	403
Interest and bill discounts received		432	487	374	487
Interest paid		(4)	-	-	-
Income tax paid		(1,770)	(1,386)	(1,270)	(1,386)
Net cash provided by operating activities	29(a)	887	4,764	4,405	4,571
Cash flows from investing activities:					
Payments for business acquisition		(1,437)	-	(1,437)	-
Proceeds from sale of investments		589	-	-	-
Payments on purchase of investments		(353)	-	-	-
Proceeds from sale of property, plant and equipment		91	65	91	65
Payments to related parties		-	-	(4,005)	-
Proceeds from related parties and other entities		97	320	1,313	507
Payments for property, plant and equipment		(752)	(749)	(607)	(749)
Net cash provided by investing activities		(1,765)	(364)	(4,645)	(177)
Cash flows from financing activities:					
Dividends paid					
Ordinary dividend – Trust		(3,507)	(3,476)	(3,507)	(3,476)
– Permanent*		(2,728)			
Special dividend – Trust		(1,779)	(5,930)	(1,779)	(5,930)
– Permanent**		(10,913)			
Proceeds from issue of equity securities		-	347	-	347
Net cash used in financing activities		(18,927)	(9,059)	(5,286)	(9,059)
Net increase/(decrease) in cash held		(19,805)	(4,659)	(5,526)	(4,665)
Cash at the beginning of the financial year		9,123	13,782	9,099	13,764
Add Permanent's cash balance on acquisition		12,756	-	-	-
Cash at the end of the financial year	29(c)	2,074	9,123	3,573	9,099

* Represents final dividend declared (pre-merger) by Permanent Trustee Company Limited.

** Represents special dividend declared (pre-merger) by Permanent Trustee Company Limited.

The accompanying notes on pages 33 to 62 form part of the financial statements.

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

1. Accounting policies

The following summary explains the significant accounting policies which have been adopted in the preparation of the financial statements.

(a) General system of accounting underlying the financial statements

The financial statements have been prepared using the historical cost convention, except for certain assets which are at valuation. The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

In accordance with Class Order 98/105 dated 10 July 1998 made effective under Section 314 of the Corporations Act 2001, Trustee Company of Australia Limited ("the company") is relieved from compliance with the requirements of paragraphs 4.1 to 7.2 of AASB 1033 and paragraphs 4.1 to 7.2 of AASB 1034 in relation to the disclosure in the financial statements or consolidated financial statements of:

- (i) liabilities incurred by the company whilst acting as trustee or in any representative capacity in respect of which the company has a valid and subsisting right of indemnity out of any assets which are sufficient to satisfy the right of indemnity; and
- (ii) assets, consisting of the nature and amount, from which the company has a right of indemnity in respect of liabilities referred to in (i) above.

(b) Accounting policies which have been significant in the preparation and presentation of the financial statements

(i) Non-current investments

Marketable securities, which include investments listed on a prescribed stock exchange and non-quoted investments, including options, for which a ready market value is available, are valued on a daily basis at market realisable value, net of realisation costs.

Revaluation increments and decrements (to the extent they reverse a previous increment), net of capital gains tax, are taken to asset revaluation reserve, and when realised are transferred to retained profits.

Investments in controlled entities and other non-quoted investments are brought to account at cost or Directors' valuation. Directors' valuations are made having regard to the estimated fair value of net assets of the controlled entities and other non-quoted investments at that date.

Investments in managed funds are valued at exit price on the last day of business.

(ii) Other non-current assets

Items of property, plant and equipment are recorded at cost or revalued amount. Non-current assets carried are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount.

The excess of carrying value over recoverable amount, if applicable, is charged to the Statement of Financial Performance.

Where assets are stated at valuation and the consolidated entity expects that it will ultimately be liable for Capital Gains Tax in respect of those assets, Capital Gains Tax is taken into account by providing for deferred capital gains tax.

(iii) Valuation of non-current assets

Non-current assets are reviewed annually to ensure the carrying values are not in excess of recoverable amount. Recoverable amount is determined using the net cash inflows arising from the continued use and subsequent disposal of the non-current assets. In determining the recoverable amount of non-current assets, except for tax assets, the expected net cash flows have been discounted to their present value.

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

(iv) Depreciation

Items of property, plant and equipment, computer software and licences, with the exception of land, are depreciated over their estimated economic lives, using the straight-line method.

The following rates of depreciation are used:

- Buildings: 2.5%;
- Leasehold improvements: 10% to 33%;
- Fixtures and fittings: 12.5%;
- Office equipment: 20.0%; and
- Computer hardware and software: 33.3%.

(v) Cash

For the purposes of the statements of cash flows, cash includes cash on hand, with banks or otherwise at call, less bank overdrafts, and includes investments in bills of exchange and short-term interest-bearing deposits which are integral to the cash management function of the consolidated entity.

(vi) Financial instruments included in liabilities

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(vii) Financial instruments included in assets

Trade debtors, represented by fee and commission income accrued, are recorded at the amount contractually due under the terms of the relevant contract or trust deed; provision is made for any debts considered doubtful. Other debtors are recorded at the nominal value of payments made by the consolidated entity which are considered recoverable from third parties.

Valuation of marketable securities is discussed at (i) above.

(viii) Revenue recognition

Fee and commission income is recognised when the consolidated entity has performed the related service.

Rental income is recognised on an accruals basis.

Dividend income is recognised when the dividend has been declared for payment.

Interest income is recognised on an accruals basis.

Revenue arising from the sale or disposal of property, plant and equipment is recognised when the consolidated entity has passed control of the relevant asset to the purchaser.

(ix) Goodwill

Goodwill, representing the excess of the purchase consideration over the fair value of the identifiable net assets acquired, of a controlled entity or business, is amortised on a straight line basis over the period of 20 years.

(x) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration paid as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(xi) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its controlled entities as defined in accounting standard AASB 1024 "consolidated accounts". A list of controlled entities appears in Note 28 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

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

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

(xii) Leased assets

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

In the event that premises leased by the consolidated entity pursuant to a non-cancellable operating lease are identified as surplus to the needs of the consolidated entity, a liability and expense are recognised equal to the present value of the total expected outlay relating to the surplus space as specified under the lease agreement.

(xiii) Employee entitlements

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

Provisions made in respect of wages and salaries, annual leave, long service leave and other employee entitlements expected to be settled within 12 months, are measured at their nominal values.

Provisions made in respect of long service leave and other employee entitlements which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(xiv) Goods and Services Tax

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(xv) Income tax

Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in deferred tax assets or deferred tax liabilities, as applicable.

(xvi) Capitalised financial planning costs

In prior periods, financial planning costs have been capitalised. The accounting treatment has been changed to recognise these costs as they are incurred. The change in accounting treatment increased expenses in this reporting period by \$161,000.

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Trust Company of Australia Limited and its controlled entities

notes to the financial statements

	notes	consolidated	parent entity	
		2003	2002	2003
		\$000	\$000	\$000
2. Profit from ordinary activities				
Profit from ordinary activities before income tax includes the following items of revenue and expense:				
(a) Operating revenue:				
Fee and commission income		31,188	20,093	19,872
				19,365
Other operating revenue:				
Rental income		183	150	155
				150
Dividends from non-related companies:				
quoted shares		427	-	-
				-
Dividend from related company		-	-	779
				-
Interest income		402	481	368
				483
		32,200	20,724	21,174
				19,998
(b) Non-operating revenue				
Proceeds from sale of non-current assets:				
Proceeds from sale of property, plant and equipment		-	65	-
				65
		-	65	-
				65
Total revenues from ordinary activities		32,200	20,789	21,174
				20,063

	notes	consolidated	parent entity	
		2003	2002	2003
		\$000	\$000	\$000
(c) Expenses:				
Depreciation on buildings, plant and equipment		1,571	1,145	1,144
Advertising & promotion		649	267	647
Occupancy expenses		1,146	361	454
Repairs and maintenance of computer equipment		457	79	90
Legal expenses		456	563	326
Salaries and associated costs		15,755	10,229	9,871
Operating lease rental expense		504	186	164
Insurance expenses		1,061	327	398
Significant items	2(d)	3,372	-	-
Auditor's expenses (fees & other)		420	448	218
Client claims		61	-	-
Consultancy expenses		185	562	85
Directors' fees and allowances		397	316	314
Other expenses		2,334	176	1,472
Total expenses from ordinary activities		28,368	14,659	15,183

(d) Significant items

Including merger related expenses comprise:

Amortisation of goodwill on consolidation		678	-	-
Exit fees re external portfolio management		370	-	-
Legal, accounting and technical consulting		437	-	-
Surplus leased space		1,887	-	-
Total significant items included above	2(c)	3,372	-	-
Unrealised loss on revaluation of investment portfolio		3,393	-	-
Total significant expense items		6,765	-	-

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

	notes	consolidated	parent entity		
		2003	2002	2003	2002
		\$000	\$000	\$000	\$000
3. Sale & disposals of non-current assets					
Profit/(loss) on sale – plant and equipment		(175)	12	(73)	12
Net profit/(loss) on sale of property, plant and equipment		(175)	12	(73)	12

4. Income tax

The prima facie income tax expense/benefit on pre-tax operating profit is reconciled with the income tax expense/benefit shown in the financial statements as follows:

Profit from ordinary activities		435	6,130	5,991	5,945
Income tax expense calculated at 30%		(130)	(1,839)	(1,796)	(1,783)
Add: tax effect of permanent differences					
Non allowable amortisation		(201)	-	-	-
Other non allowable expenses		-	18	16	15
Tax effect of Permanent differences – additions		(201)	18	16	15
Less: tax effect of Permanent differences					
Rebates on dividend income		77	-	233	120
Other		17	-	-	-
Tax effect of permanent differences – deductions		94	-	233	120
Income tax expense for the year		(237)	(1,821)	(1,547)	(1,648)
Income tax expense attributable to profit from ordinary activities		(237)	(1,821)	(1,547)	(1,648)

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the company. The impact of the mandatory elements of the tax consolidation system on existing deferred tax balances of the economic entity and parent entity has been reflected in the financial statements based on reasonable best estimates.

At the date of this report, the Directors have not assessed the financial effect, if any, that implementation of the tax consolidation system may have on the company and economic entity, and, accordingly, the Directors have not made a decision whether or not to elect to be taxed as a single entity.

The financial effects of the implementation of the elective elements of the tax consolidation system on the company and economic entity has not been recognised in the financial statements.

In the event that the tax consolidation system is implemented, Trust Company of Australia Limited has also agreed to reimburse its wholly-owned subsidiaries for the carrying amount of their deferred tax balances.

	notes	consolidated	parent entity	
		2003	2002	2003
		\$000	\$000	\$000
5. Dividends				
Dividends paid or declared in respect of the financial year:				
Special dividend paid 13 June 2001 at 38c per share on fully paid ordinary shares, fully franked at 30%	-	1,244	-	1,244
Special dividend paid 13 June 2001 at 36.61c per share on fully paid new ordinary shares, fully franked at 30%	-	4,686	-	4,686
Interim dividend paid 27 November 2001 at 11c per share on fully paid ordinary shares, fully franked at 30%	-	360	-	360
Interim dividend paid 27 November 2001 at 10.6c per share on fully paid new ordinary shares, fully franked at 30%	-	1,356	-	1,356
Special dividend paid 23 December 2002 at 11 cents per share, fully franked at 30%	1,779	-	1,779	-
Interim dividend paid 26 November 2002 at 11 cents per share, fully franked at 30%	1,779	-	1,779	-
Final dividend paid 1 June 2002 at 11c per share on fully paid ordinary shares, fully franked at 30%	-	360	-	360
Final dividend paid 1 June 2002 at 10.6 c per share on fully paid new ordinary shares, fully franked at 30%	-	1,368	-	1,368
Dividends paid or declared in respect of the financial year:	3,558	9,374	3,558	9,374

6. Franking account

The balance of franking account, and franking debits and credits due:

- Balance of franking account at the end of the financial year	-	-	4,371	5,199
- Franking credits due after balance date on payment of income tax provided	-	-	-	-
Available franking credits	-	-	4,371	5,199

Note (i)

In accordance with changes to tax legislation, the method of recording franking account was changed as at 1st July, 2002. The franking account now represents amounts on an 'income tax paid' basis, whereas previously it was on a 'profits after income tax' basis. 2002 amounts here have been re-calculated accordingly.

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Trust Company of Australia Limited and its controlled entities

notes to the financial statements

	notes	consolidated	parent entity		
		2003	2002	2003	2002
		\$000	\$000	\$000	\$000
7. Receivables					
(a) Current					
Trade receivables		12,346	1,555	2,601	1,573
Provision for doubtful debts		(198)	-	-	-
		12,148	1,555	2,601	1,573
Other receivables and prepayments		3,009	43	2,976	43
Total current receivables		15,157	1,598	5,577	1,616
(b) Non current					
Trade receivables		2,596	352	-	352
		2,596	352	-	352
Deposits and government inscribed stock held pursuant to a statutory requirement		470	120	100	100
Total non-current receivables		3,066	472	100	452
8. Other non-current financial assets					
(a) Non-listed investments:					
Shares in controlled entities					
- at cost		-	-	105,204	5,113
Total non-listed investments		-	-	105,204	5,113
(b) Listed on a prescribed stock exchange					
- at market value:					
Shares in non-related corporations		29,848	-	-	-
Unsecured notes		135	-	-	-
Total listed investments		29,983	-	-	-
Total non-current financial assets		29,983	-	105,204	5,113

consolidated

	Freehold land at cost \$000	Building at cost \$000	Motor vehicle at cost \$000	Leasehold improvement at cost \$000	Plant and equipment at cost \$000	Total \$000
9. Property, plant and equipment						
Gross carrying amount						
Balance at 28 February 2002	5,727	23,460	396	-	3,951	33,534
Acquisition of Permanent	-	-	-	2,575	12,857	15,432
Additions	-	-	-	-	1,053	1,053
Disposals	-	(3)	(114)	(103)	(1,176)	(1,396)
Balance at 28 February 2003	5,727	23,457	282	2,472	16,685	48,623
Accumulated depreciation						
Balance at 28 February 2002	-	(10,392)	(191)	-	(2,971)	(13,554)
Acquisition of Permanent	-	-	-	(450)	(9,825)	(10,275)
Disposals	-	3	56	80	918	1,057
Depreciation expense	-	(631)	(32)	(71)	(749)	(1,483)
Balance at 28 February 2003	-	(11,020)	(167)	(441)	(12,627)	(24,255)
Net book value						
As at 28 February 2002	5,727	13,068	205	-	980	19,980
As at 28 February 2003	5,727	12,437	115	2,031	4,058	24,368

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

parent entity

	Freehold land at cost \$000	Building at cost \$000	Motor vehicle at cost \$000	Leasehold improvement at cost \$000	Plant and equipment at cost \$000	Total \$000
Gross carrying amount						
Balance at 28 February 2002	5,727	23,460	396	-	3,951	33,534
Additions	-	-	-	-	928	928
Disposals	-	(3)	(114)	-	(469)	(586)
Balance at 28 February 2003	5,727	23,457	282	-	4,410	33,876
Accumulated depreciation						
Balance at 28 February 2002	-	(10,392)	(191)	-	(2,971)	(13,554)
Disposals	-	3	56	-	363	422
Depreciation expense	-	(631)	(32)	-	(481)	(1,144)
Balance at 28 February 2003	-	(11,020)	(167)	-	(3,089)	(14,276)
Net book value						
As at 28 February 2002	5,727	13,068	205	-	980	19,980
As at 28 February 2003	5,727	12,437	115	-	1,321	19,600

consolidated parent entity

	2003 \$000	2002 \$000	2003 \$000	2002 \$000
10. Intangibles				
Goodwill on business acquisition				
- at cost	59,148	-	-	-
Less accumulated amortisation	(678)	-	-	-
Total intangibles	58,470	-	-	-

	consolidated		parent entity	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
11. Tax assets				
(a) Current				
Income tax receivable	947	-	432	167
Accrued GST receivable	375	-	-	-
Total current tax assets	1,322	-	432	167
(b) Deferred				
Timing differences	4,270	964	808	956

12. Statutory reserve fund

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

The value of the reserve shall be not less than one half of a percent of trust estates in Victoria. Monies in its reserve fund are available for the following purposes:

- First, for the payment of sums due from the trustee company to estates committed to the trustee company's administration or management in Victoria;
- Secondly, for the payment of sums due from the trustee company to persons in respect of moneys (not being an estate or part of an estate) paid in Victoria to the trustee company for investment in a common fund;
- Thirdly, for the payment of sums due from the trustee company to estates committed to the trustee company's administration or management outside Victoria;
- Fourthly, for the payment of sums due from the trustee company to persons in respect of moneys (not being an estate or part of an estate) paid outside Victoria to the trustee company for investment in a common fund;
- Fifthly, for the payment of the debts of the trustee company.

Investment of monies in reserve

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

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

As at 28th February, 2003, the group's statutory reserve fund, calculated in accordance with the statutory formula was the amount of \$2,792,035, being supported by the following assets:

	\$
Company owned real property	2,792,035
Freehold land and Improvements	
City of Melbourne	
Volume 9954 Folio 113	
151 Rathdowne Street	
CARLTON SOUTH, VICTORIA	
Total	2,792,035

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

	consolidated		parent entity	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
13. Payables				
(a) Current				
Trade payables	132	1,489	-	1,489
Other payables	4,731	319	943	308
Loans payable to controlled entities	-	-	5,609	5,274
Deferred income	466	600	400	600
Total current payables	5,329	2,408	6,952	7,671
(b) Non-current				
Other payables	3,387	-	-	-
14. Provisions				
(a) Current				
Final dividend declared	-	1,728	-	1,728
Employee entitlements	2,356	490	634	490
Directors' retirement benefits	741	-	-	-
Claims provisions	338	-	-	-
Total current provisions	3,435	2,218	634	2,218
(b) Non-current				
Employee entitlements	1,036	376	369	376
Directors' retirement benefits	100	-	-	-
Total non-current provisions	1,136	376	369	376
15. Tax liabilities				
(a) Current				
Accrued GST payable	375	-	235	-
Income tax payable	508	6	-	-
Total current tax liabilities	883	6	235	-
(b) Deferred				
Capital Gains Tax on unrealised gain on investments	1,669	-	-	-
Timing differences	1,137	739	1,134	739
Total deferred tax liabilities	2,806	739	1,134	739

	consolidated		parent entity	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
16. Employee entitlements				
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:				
Provision for employee entitlements:				
Current (note 14a)	2,356	490	634	490
Non-current (note 14b)	1,036	376	369	376
Total employee entitlements	3,392	866	1003	866
Number of employees at end of financial year	438	163	142	163
17. Contributed equity				
(a) Contributed equity				
12,900,000 new ordinary shares	-	1,627	-	1,627
32,362,335 fully paid ordinary shares (2002: 3,273,180)	104,149	3,818	104,149	3,818
Contributed equity	104,149	5,445	104,149	5,445
Fully paid ordinary shares carry one vote per share and carry the right to the dividend.				
(b) Movement in contributed equity				
Balance at the beginning of the financial year	5,445	5,445	5,445	5,445
16,172,843 shares issued on company merger	98,654	-	98,654	-
15,757 shares issued on exercise of options	50	-	50	-
Balance at the end of the financial year	104,149	5,445	104,149	5,445
(c) Movement in fully paid new ordinary share capital				
	No: 000	No: 000	No: 000	No: 000
Balance at the beginning of the financial year	12,900	-	-	-
Transfer from partly paid shares upon call	-	12,800	-	-
Share options exercised	-	100	-	-
Transfer to ordinary share capital	(12,900)	-	-	-
Balance at the end of financial year	-	12,900	-	-

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Trust Company of Australia Limited and its controlled entities

notes to the financial statements

	consolidated		parent entity	
17. Contributed equity (cont.)				
(d) Movement in partly paid ordinary share capital	No: 000	No: 000	No: 000	No: 000
Balance at the beginning of the financial year	-	12,800	-	12,800
Transfer to new ordinary shares upon call	-	(12,800)	-	(12,800)
Balance at the end of financial year	-	-	-	-
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
18. Reserves				
(a) Reserves comprise:				
General reserve	654	654	654	654
Total reserves	654	654	654	654
(b) Movements in reserves:				
(i) General reserve				
Balance at the beginning of the financial year	654	654	654	654
Balance at the end of the financial year	654	654	654	654
19. Retained profits				
Balance at beginning of financial year	20,291	25,361	20,280	25,357
Profit from ordinary activities after tax	198	4,304	4,444	4,297
Dividends provided for or paid	(3,558)	(9,374)	(3,557)	(9,374)
Retained profits at the end of the financial year	16,931	20,291	21,167	20,280

consolidated

	2003	2002
	cents per share	cents per share
<hr/>		
20. Earnings per share		
Basic earnings per share	1.0	27.6
Diluted earnings per share	1.0	26.8

Basic earnings per share

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

	2003	2002
	\$000	\$000
<hr/>		
Earnings	198	4,304

	2003	2002
	No:	No:
<hr/>		
Weighted average number of ordinary shares	19,939,933	15,625,290

Notes to the financial statements

Diluted Earnings per share

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

consolidated

	2003	2002
	\$000	\$000
<hr/>		
Earnings	198	4,304

	2003	2002
	No:	No:
<hr/>		
Weighted average number of ordinary shares and potential ordinary shares (a)	20,032,933	15,625,290

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

consolidated parent entity

20. Earnings per share (cont.)

(a) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2003 No:	2002 No:
Weighted average number of ordinary shares used in the calculation of basic EPS	19,939,933	15,625,290
Employee options	93,000	-
Partly-paid ordinary shares	-	476,931
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	20,032,933	16,102,221

	2003 \$000	2002 \$000	2003 \$000	2002 \$000
21. Commitments for expenditure				
Commitments under non-cancellable operating rental leases				
Not later than 1 year	4,111	-	-	-
Later than 1 year but not later than 5 years	15,633	-	-	-
5 years plus	12,036	-	-	-
Total commitments	31,780	-	-	-

These commitments also represent the non-cancellable operating lease liabilities

22. Contingent liabilities

Aggregate contingent liabilities at balance date comprised the following:

Bank guarantee and performance bonds	15,331	-	-	-
Total liabilities of wholly owned controlled entities (excluding amounts owed to the parent entity)	31	-	-	-
Costs relating to legal action	150	-	-	-
Instalment payable on shares held in non-related corporations	76	-	-	-
Total contingent liabilities	15,588	-	-	-

The consolidated entity has received claims for alleged breach of trustee duties which claims are denied. The Directors believe that adequate professional indemnity insurance cover is held to meet any potential liabilities that may arise.

	consolidated		parent entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
23. Remuneration of auditors				
Total remuneration received or due and receivable by the auditors from the parent entity and its controlled entities comprised the following:				
Auditing the financial report	239,650	116,000	152,650	116,000
Funds related	57,705	-	-	-
Merger related	7,065	-	-	-
Other services	116,138	328,000	65,388	314,000
	420,558	444,000	218,038	430,000

24. Remuneration of Directors and Executive Officers

(a) Directors

Directors in office during the year were as follows:

John M Thame (appointed 23/12/02)

R Bruce Corlett

Peter C Cadwallader (appointed 23/12/02)

Laurence J Gluskie (appointed 23/12/02)

Robert D Jeremy

Robert G Lloyd

John G Macarthur-Stanham

Warren J McLeland

Gordon M Moffatt (retired 12/12/02)

Duncan P Saville (appointed 23/12/02)

Jonathan W Sweeney

Aggregate income paid or payable, or otherwise made available, in respect of the financial year, to all Directors of the company (including an Executive Officer), directly or indirectly, by the company or by any related party.

	987,894	1,612,290	606,686	639,674
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2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

	consolidated		parent entity	
	2003	2002	2003	2002
	\$	\$	\$	\$

24. Remuneration of Directors and Executive Officers (cont.)

The number of Directors who held office during the year ended 28 February 2003 whose total remuneration falls within the following bands:

	No:	No:
\$30,001 - \$40,000	2	4
\$40,001 - \$50,000	2	-
\$50,001 - \$60,000	1	1
\$60,001 - \$70,000	1	-
\$70,001 - \$80,000	-	1
\$80,001 - \$90,000	-	1
\$290,001 - \$300,000	-	1
\$320,001 - \$330,000	1	-

(b) Executive Officers

Aggregate remuneration received by executive officers (including an executive director) from the Company or from any related party.

	1,347,704	1,873,921	1,347,704	1,873,921
--	-----------	-----------	-----------	-----------

Executive Officers are officers involved in the strategic direction, general management and control of the business at operating division level.

The number of executive officers whose remuneration falls within the following bands, commencing after \$100,000:

	No:	No:	No:	No:
\$100,001 - \$110,000	-	1	-	1
\$110,001 - \$120,000	-	4	-	4
\$130,001 - \$140,000	3	-	3	-
\$150,001 - \$160,000	1	2	1	2
\$160,001 - \$170,000	2	1	2	1
\$170,001 - \$180,000	1	1	1	1
\$180,001 - \$190,000	-	2	-	2
\$290,001 - \$300,000	-	1	-	1
\$320,001 - \$330,000	1	-	1	-

(c) Executive share and option plan

As at 28 February 2003 there were no offers of options or shares to Directors or employees.

25. Other related party disclosures

(a) Directors' shareholdings:

The aggregate number of shares held by Directors or director-related entities in the parent entity at 28 February 2003 was 3,233,117 (2002: 2,233,805)

No share issue was made by the parent entity or any controlled entity during the year. All acquisitions and disposals of shares in the parent entity, made by the Directors or director-related entities, were conducted at arm's length.

(b) Directors' loans:

Directors' loans made in existence at reporting date:

		consolidated		parent entity	
		2003	2002	2003	2002
		\$000	\$000	\$000	\$000
Nature of terms and conditions	Director				
Interest free and forgivable	Jonathan W Sweeney	102,268	102,268	102,268	102,268
Allowance for forgivable debts	Jonathan W Sweeney	(102,268)	(102,268)	(102,268)	(102,268)
		-	-	-	-
No new director's loans were made and no payments were received in respect of director's loans.					

(c) Other transactions with Directors

Lindy Jeremy is employed by Trust Company of Australia Limited, and is paid at prevailing market rates. Lindy is married to Director Robert D Jeremy.

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

	revenues		results	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
26. (a) Segment revenue and results				
Trust Super	4,452	3,554	540	(140)
Private Clients	3,416	3,454	(1,291)	(1,060)
Trust Fiduciary	2,406	2,534	1,176	1,497
Trust Funds	5,118	5,125	4,145	4,751
Trusts & Estates	5,550	3,993	3,505	2,386
Trust Unallocated	1,440	2,129	(1,749)	(1,304)
	22,382	20,789	6,326	6,130
Permanent Corporate Clients	5,208	-	570	-
Permanent Private Clients	4,007	-	439	-
Permanent Company Investment Portfolio	475	-	446	-
Permanent Unallocated	128	-	(581)	-
	9,818	-	874	-
Unallocated significant items	-	-	(2,694)	-
Goodwill	-	-	(678)	-
Loss on revaluation of share portfolio	-	-	(3,393)	-
Total Consolidated	32,200	20,789	-	-
Profit from ordinary activities before income tax	-	-	435	6,130
Income tax expense relating to ordinary activities	-	-	(237)	(1,821)
Net profit from ordinary activities after income expense			198	4,309

	assets		liabilities	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
26. (b) Segment assets and liabilities				
Trust Super	16,442	4,604	244	1,449
Private Clients	12,616	4,474	293	1,770
Trust Fiduciary	8,885	3,283	77	407
Trust Funds	18,901	6,639	61	147
Trusts & Estates	20,497	4,498	127	630
Trust Unallocated	5,750	3,426	630	1,344
	83,091	26,924	1,432	5,747
Permanent Corporate Clients	7,834	-	4,524	-
Permanent Private Clients	12,513	-	2,601	-
Permanent Company Investment Portfolio	29,982	-	-	-
Permanent Unallocated	6,647	-	9,982	-
	56,976	-	17,107	-
Unallocated significant items	206	5,213	-	-
Total consolidated	140,273	32,137	18,539	5,747

The Trust and Permanent segments are not individually comparable and therefore cannot be added together to get a consolidated segment.

Assets and liabilities are allocated to the above segments based on arbitrary estimates.

Services within each business unit

For management purposes, the consolidated entity is organised into nine operating divisions. These divisions are the basis on which the consolidated entity reports its primary segment information.

Geographical information

Trust Company of Australia Limited and its controlled entities operate only in Australia.

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

27. Superannuation

The consolidated entity sponsors the following superannuation plans for directors and employees, the details of which are set out below:

Trust Company Staff Superannuation Fund

Type of benefits

Accumulation of contributions. Covering all employees other than those in the Trust Company Executives' Superannuation Fund, and providing benefits on retirement, death or disability.

Contributions

Employee: Optional

Employer: 9.00% of base salary

Except for the above, the company has no legal obligation to contribute.

Funds are available to satisfy all benefits that would have been vested under the plan in the event of termination of the plan, or voluntary or compulsory termination of the employment of each employee.

The fund has a reserve of approximately \$870,000 which is available to fund the superannuation guarantee commitment if required.

Trust Company Executives Superannuation Fund

Type of benefits

Defined benefits. Covering specified executives and providing benefits on retirement, death or permanent disability.

Contributions

Employee: Nil

Employer: Nil

The company has an obligation to contribute as set out in the trust deed but has the right to vary the rate of, or terminate, contributions in the deed.

Actuarial review

The last actuarial review was performed by Mr K Dance FIAA, in September 2002 in respect of the fund as at 28 February 2002. Accrued benefits, vested benefits and net market value of plan assets.

	Estimated current accounts (unaudited)		Last audited accounts	
	date	\$	date	\$
27. Superannuation (cont.)				
Accrued benefits	28/02/2002	595,955	28/02/1999	1,154,000
Net market value of assets	28/02/2003	834,602	28/02/2002	918,294
Difference	-	238,647		(235,706)
Vested benefits	28/02/2003	794,196	28/02/2002	595,955

The difference between the accrued benefits and net market value of plan assets has not been recognised in the financial report. No contributions to the plan for the financial year ended 28/02/2003 were made.

Funds are available to satisfy all benefits that would have been vested under the plan in the event of termination of the plan, or voluntary or compulsory termination of the employment of each executive.

Trust Company Directors' Superannuation Fund

Type of benefits

Accumulation of contributions. Covering all directors and providing benefits on retirement, death or permanent disability.

Contributions

Director: Nil

Company: As required to satisfy Superannuation Guarantee Legislation

Except for the above, the company has no legal obligation to contribute.

Funds are available to satisfy all benefits that would have been vested under the plan in the event of termination of the plan, or voluntary or compulsory termination of the employment of each Director.

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

	Notes	ownership interest	
		2003 %	2002 %
28. Details of controlled entities			
Parent entity			
Trust Company of Australia Limited	(a)		
Controlled entities			
Trust Company Responsible Entity Services Limited	(a),(b)	100	100
Henty Real Estate Proprietary Limited		100	100
Henty Real Estate NSW Pty. Limited		100	100
Henty Real Estate Qld.Pty. Limited		100	100
Union Trustee Company Canberra Limited		100	100
Fidelity Investments Pty. Limited		100	100
Fidelity International Pty. Limited		100	100
Fidelity Custodian Nominees Pty. Limited		100	100
Trust Company Super Services Limited		100	100
Davidson Hughes Pty. Limited		100	100
Trust Company Funds Management Limited		100	100
Property Outsource Partners Pty. Limited		100	100
Permanent Trustee Company Limited		100	-
Permanent Trustee Company (Canberra) Limited		100	-
Permanent Registry Limited		100	-
Permanent Nominees (Aust.) Limited		100	-
Permanent Custodians Limited		100	-
Permanent Property Management Limited		100	-
Permanent Legal Services Limited		100	-
Permanent Investment Management Limited		100	-
Permanent Trustee Australia Limited		100	-

Notes

a) The parent entity and all controlled entities are bodies corporate, incorporated and operating in Australia.

b) All controlled entities are wholly owned.

	consolidated		parent entity	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
29. Notes to the statement of cash flows				
(a) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities:				
Operating profit after income tax	198	4,309	4,444	4,297
Depreciation and amortisation	2,249	1,145	1,144	1,145
Loss on sale of property, plant and equipment	175	(12)	73	(12)
Loss on revaluation of investment portfolio	3,393	-	-	-
Changes in net assets and liabilities:				
(Increase)/decrease in assets:				
Current receivable	(1,089)	(511)	(293)	(511)
Other current assets	(2,693)	(10)	(14)	(10)
Current Tax receivables	(1,431)	-	(265)	
Other non-current assets	256	(352)	352	(352)
Deferred tax assets	(223)	26	148	25
Increase/(decrease) in liabilities:				
Current tax liabilities	(34)	347	-	174
Deferred tax liabilities	(67)	(235)	395	(235)
Loan from subsidiaries	-	-	(882)	-
Non current payables	1,734	-	-	-
Current payables	(3,972)	(71)	(633)	(78)
Current provisions	1,631	63	(57)	63
Non-current provisions	760	65	(7)	65
Net cash provided by/(used in) operating activities	887	4,764	4,405	4,571

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Trust Company of Australia Limited and its controlled entities

notes to the financial statements

	consolidated		parent entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
29. Notes to the statement of cash flows (cont.)				
(b) Business acquired				
During the financial year, Trust Company of Australia Ltd acquired Permanent Trustee Company Ltd.				
Details of the acquisition are as follows:				
Consideration				
Ordinary shares	98,654	-	-	-
Acquisition costs	1,437	-	-	-
Total consideration	100,091	-	-	-
Fair value of net assets acquired				
Current assets:				
Cash	12,756	-	-	-
Receivables	9,821	-	-	-
Current tax assets	550	-	-	-
Total current assets	23,127	-	-	-
Non current assets:				
Receivables	2,500	-	-	-
Other financial assets	33,747	-	-	-
Plant and equipment	5,157	-	-	-
Total deferred tax assets	3,083	-	-	-
Total non current assets	44,487	-	-	-
Total assets	67,614	-	-	-
Non current liabilities:				
Payables	4,394	-	-	-
Current tax liabilities	1,086	-	-	-
Provision for dividend	13,641	-	-	-
Other	2,647	-	-	-
Total current liabilities	21,768	-	-	-

	consolidated		parent entity	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
29. Notes to the statement of cash flows (cont.)				
(b) Business acquired (cont.)				
Non current liabilities:				
Payables	1,653	-	-	-
Deferred tax liabilities	2,135	-	-	-
Provisions	1,115	-	-	-
Total non current liabilities	4,903	-	-	-
Total liabilities	26,671	-	-	-
Net assets acquired	40,943	-	-	-
Goodwill	59,148	-	-	-
Total consideration	100,091	-	-	-
(c) Stand-by credit arrangements				
Bank overdraft	(1,563)	-	-	-
Amount of credit facility available	3,437	-	-	-
Credit facility – committed	5,000	-	-	-
(d) Cash at the end of the financial year comprises:				
Cash at bank and on hand	3,637	9,123	3,573	9,099
Bank overdraft	(1,563)	-	-	-
Cash at the end of the financial year	2,074	9,123	3,573	9,099

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

30. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Interest rate risk exposures

The consolidated entity is exposed to interest rate risk through primary financial assets and liabilities.

The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

	Floating interest rate (1) \$000	1 year or less \$000	Fixed interest rate maturing in			Total \$000	Average interest rate	
			over 1 to 5 years \$000	more than 5 years \$000	non- interest bearing \$000		floating %	fixed %
2003 financial assets								
Cash	3,637					3,637	3.6%	
Trade receivables					14,744	14,744		
Other receivables					3,009	3,009		
Govt & semi-government securities			260			260		5.6%
Bank deposits			210			210		4.6%
Current tax assets	-	-	-	-	515	515		
Deferred tax assets	-	-	-	-	4,270	4,270		
Investments:-								
Shares in non-related corp.					29,848	29,848		
Units in managed funds					-	-		
Convertible notes		-				-		
Unsecured notes	135					135	6.1%	
Total financial assets	3,772	-	470	-	52,386	56,628		
2003 financial liabilities								
Bank overdraft	1,563	-	-	-	-	1,563	2.8%	
Tax liabilities								
Current tax liabilities	-	-	-	-	76	76		
Capital gains tax on unrealised gain on investments	-	-	-	-	1,669	1,669		
Deferred tax liabilities					1,137	1,137		
Trade payables					132	132		
Other payables					8,118	8,118		
Provisions:-								
Director's retirement	-	-	-	-	841	841		
Employee entitlements	-	-	-	-	3,392	3,392		
Claims provisions	-	-	-	-	338	338		
Dividend					-	-		
Total financial liabilities	1,563	-	-	-	15,703	17,266		

30. Financial instruments (cont.)

(b) Interest rate risk exposures (cont.)

	Floating interest rate (1) \$000	1 year or less \$000	Fixed interest rate maturing in			Total \$000	Average interest rate	
			over 1 to 5 years \$000	more than 5 years \$000	non- interest bearing \$000		floating %	fixed %
2002 financial assets								
Cash	4,144	4,979				9,123	4.22%	4.0%
Trade receivables					1,907	1,907		
Other receivables					43	43		
Govt & semi-govt securities		120				120		5.97%
Deferred tax assets					964	964		
Total financial assets	4,144	5,099			2,914	12,157		
2002 financial liabilities								
Trade payables					1,489	1,489		
Other payables	-	-	-	-	319	319		
Current tax liabilities	-	-	-	-	6	6		
Deferred tax liabilities	-	-	-	-	739	739		
Provisions:-								
Employee entitlements	-	-	-	-	866	866		
Dividend	-	-	-	-	1,728	1,728		
Total financial liabilities					5,147	5,147		

(c) Credit risk exposures

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity, while exposed to credit related losses in the event of non-performance by counter-parties to financial instruments, does not expect any counter-parties to fail to meet their obligations given their high credit ratings. Further, as the majority of the consolidated entity's receivables represent fees arising from its position as trustee/custodian for corporate and personal trusts, the consolidated entity's receivables are largely indemnified by the priority payment status given by most trust deeds to reimbursement of trustee/custodian fees and expenses.

The carrying amount of financial assets recorded in the financial statements represents the consolidated entity's maximum exposure to credit risk without taking account of the priority payment status given the majority of the consolidated entity's receivables.

As at 28 February 2003, the consolidated entity does not have any significant credit risk exposure to any single counter-party.

2003

Trust Company of Australia Limited and its controlled entities

notes to the financial statements

30. Financial instruments (cont.)

(d) Net fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

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

- The net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

31. Subsequent events

- (a) On 8 May 2003, an interim dividend (\$4.2 million) was declared at 13¢ per share fully franked at 30%, to be paid 6 June 2003.
- (b) On 17 April 2003, contracts were exchanged for the sale of the Edgecliff, NSW, property for \$5 million. The written down value was \$4.3 million. Settlement is expected approximately 29 May 2003.

32. Additional company information

As at the end of the financial year, Trust Company of Australia Limited was a listed public company, incorporated and operating in Australia.

Registered office, and principal place of business, is

Trust House,
151 Rathdowne Street,
Carlton South, Vic, 3053

Directors' declaration

The Directors declare that for the financial year to 28 February 2003,

- a) The attached financial statements and notes thereto comply with Accounting Standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;
- c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) 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.

At the date of this declaration the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in Note 26, will as a group be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

On behalf of the Directors,



Jonathan W Sweeney
Managing Director

Sydney

Dated the 8th day of May 2003

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**Deloitte
Touche
Tohmatsu**

INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF TRUST COMPANY OF AUSTRALIA LIMITED

Scope

We have audited the financial report of Trust Company of Australia Limited for the financial year ended 28 February 2003 as set out on pages 30 to 63. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

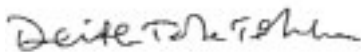
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

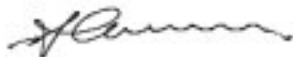
Audit Opinion

In our opinion, the financial report of Trust Company of Australia Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 28 February 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



Peter Caldwell
Partner
Chartered Accountants
Sydney, 08 May 2003

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

investments

listed equity investments

	Notes	Number of shares	Market Value \$000
Adsteam Marine Ltd		103,502	119
Alesco Corporation Ltd		48,000	185
Alumina Ltd		79,200	360
Amcor Ltd		161,225	1,314
AMP Shopping Centre Trust		170,000	230
Ansell Ltd		2,755	16
Australia & New Zealand Banking Group Ltd		94,200	1,530
Aristocrat Leisure Ltd		145,000	255
Baycorp Advantage Ltd		165,000	155
BHP Billiton Ltd		283,616	2,567
BHP Steel Ltd		15,000	52
Brambles Industries Ltd		136,248	575
Centro Properties Ltd		141,754	530
Cochlear Ltd		20,000	656
Commonwealth Bank of Australia Ltd		109,590	2,660
Computershare Limited		142,500	251
Deutsche Industrial Trust		56,370	95
General Property Trust		128,683	353
James Hardie Industries Ltd		64,071	420
Macquarie Bank Limited		12,085	297
Macquarie Office Trust		82,766	97
Macquarie Prologis Trust		304,407	262
Milton Corporation Ltd		28,215	314
National Australia Bank Ltd.		139,810	3,996
Neverfail Springwater Ltd.		59,114	111
News Corporation		24,538	247
News Corporation Preferred		29,345	248
Origin Energy Ltd		90,386	384
Paperlinx Ltd		57,806	297
Patrick Corporation Ltd		46,125	516
Primary Healthcare Ltd		74,482	243
QBE Insurance Group Ltd		157,289	1,260
Rebel Sport Ltd		107,155	223
Resmed Inc		22,000	113
Sonic Healthcare Ltd		95,000	577
St George Bank Ltd		32,211	561
Stockland Trust Group		88,018	423
Southern Cross Fliers Trust		2,035	211
Tabcorp Holdings Ltd		93,000	920
Tap Oil Ltd		226,967	308
Telstra Corporation Ltd		353,581	1,399
Wesfarmers Ltd		20,000	504
Westfield Holdings		24,882	309
West Australian Newspapers Holdings Ltd		120,000	615
Westfield America Trust		440,000	1,699
Woolworths Limited		94,813	1,085
WMR Ltd		79,200	306
	8(b)		29,848

2003

Additional shareholder information

Statement of shareholdings

On the 6th of May 2003 there were 1927 shareholders holding ordinary shares in the capital of the company. The maximum shareholding which may be registered in any one shareholder's name is 6,472,467 shares, however under the Trustee Companies Act 1968-1988 of Queensland, no one member shall hold more than 15% of the capital of the company, which currently represents 4,854,350 shares.

Stock Exchange information

1 - 1,000	269
1,001 - 5,000	883
5,001 - 10,000	344
10,001 – 100,000,	389
100,001 and above	42
Total	1927

Holders with less than a marketable parcel of \$500 worth of shares

Fully paid shares	19
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Directors' shareholding as at the date of the report are detailed on page 28.

Twenty largest shareholders as at 6/05/2003

	No. shares	%
Stocks Convertible Trust PLC	3,069,644	9.49
Milton Corporation Limited	2,151,327	6.65
ANZ Nominees Limited	1,225,473	3.79
Guardian Trust Australia Ltd <Dividend Imputation Fund>	861,293	2.66
Australian Foundation Investment Company Ltd <Investment Portfolio A/C>	696,070	2.15
Trust Company of Australia Ltd <Estate John Patrick Sweeney A/C>	675,590	2.09
Choiseul Investments Limited	671,643	2.08
Carlton Hotel Ltd	623,318	1.93
Guardian Trust Australia Ltd <Equity Common Fund QE1>	573,580	1.77

Twenty largest shareholders
as at 6/05/2003 (cont.)

	No. shares	%
Mr James Gordon M Moffatt, Mrs Charlotte Moffatt & Mr Charles Keith Geer	558,000	1.72
Trust Company of Australia Ltd <Estates & Trusts A/C>	443,270	1.37
Mrs Doreen Kathleen Sweeney	421,000	1.30
Trust Company of Australia Ltd <Agencies A/C>	378,085	1.17
Myora Pty Ltd	355,680	1.10
Enbear Pty Limited	319,577	0.99
RBC Global Services Australia <RA A/C>	277,892	0.86
Mrs Tigi Coplestone	260,400	0.80
Donetta Pty Limited	254,500	0.79
Whitefield Limited	237,120	0.73
Govett Investments Pty Ltd	230,020	0.71

Substantial shareholders

	No. shares
Stocks Convertible Trust PLC	3,069,644
Milton Corporation Limited	2,151,327

2003

Additional shareholder information *continued*

Listing

Trust Company of Australia Limited shares are listed on the Australian Stock Exchange, with Melbourne as the Home Exchange.

Share registers

Principal

Vic	Computershare Investor Services Pty Limited Level 12, 565 Bourke Street Melbourne, 3000 Telephone: 1300 850 505 Overseas callers +61 3 9611 5711 Fax No: (03) 9611 5710
QLD	Computershare Investor Services Pty Limited Central Plaza one Level 27, 345 Queen Street Brisbane, 4000 Telephone: 1300 850 505
NSW	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney, 2001 Telephone: 1300 850 505

Voting rights

In terms of Article 58 of the company's Articles of Association, every member present in person or by proxy shall be entitled to one vote for every share held when a poll is taken.

Earning rate

The percentage relationship between the economic entity's consolidated operating profit after tax and abnormals for the financial year ended 28th February, 2003 of \$198,000 and the total share capital and reserves as at the end of that year of \$121,734,000 is 0.16%.

Nominations for the office of director

Pursuant to Article 66(3) of the company's Articles of Association, the closing date for nominations for election to the office of director is 7 June 2003.

Company secretaries

John M Dinan and Geoffrey D Corderoy

Registered office

151 Rathdowne Street
Carlton South Vic 3053
(P.O. Box 673 Carlton South Vic 3053)

Telephone: (03) 9665 0200
Fax No: (03) 9639 0286
Email: info@trust.com.au

Corporate Directory

Directors

John M Thame
John G Macarthur-Stanham
Jonathan W Sweeney
Peter C Cadwallader
R Bruce Corlett
Laurence J Gluskie
Robert D Jeremy
Robert G Lloyd
Warren J McLeland
Duncan P Saville

Company Secretaries

John M Dinan and Geoffrey D Corderoy

Auditors

Deloitte Touche Tohmatsu
550 Bourke Street Melbourne Vic 3000

Stock exchange listing

Trust Company of Australia Limited shares are listed on the Australian Stock Exchange Limited (ASX) – Melbourne is its home exchange

ASX Code

TRU

Principal share register

Computershare Investor Services Pty Limited
Level 12, 565 Bourke Street
Melbourne Vic 3000

Trust offices

Victoria – registered office

151 Rathdowne St
Carlton South Vic 3053
PO Box 673
Carlton South Vic 3053
Telephone (03) 9665 0200
Facsimile (03) 9639 0286

New South Wales

Level 4, 35 Clarence St
Sydney NSW 2000
GPO Box 4270
Sydney NSW 2001
Telephone (02) 8295 8100
Facsimile (02) 8295 8659

Suite 6, Level 1
460 Church St
Parramatta NSW 2151
PO Box 2210
North Parramatta NSW 1750
Telephone (02) 8839 3000
Facsimile (02) 8839 3055

Queensland

213-217 St Paul's Terrace
Brisbane Qld 4000
PO Box 441 Brisbane Qld 4001
Telephone (07) 3634 9750
Facsimile (07) 3252 3513

Level 4, Suncorp Metway Plaza
61-73 Sturt St
Townsville Qld 4810
PO Box 990
Townsville Qld 4810
Telephone (07) 4771 5114
Facsimile (07) 4772 5260

Internet address

www.trust.com.au

TRUST COMPANY OF AUSTRALIA LIMITED
ABN 59 004 027 749

WEBSITE: WWW.TRUST.COM.AU
TOLL FREE: 1800 650 358

NEW SOUTH WALES

SYDNEY

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GPO BOX 4270, SYDNEY NSW 2001
PHONE: (02) 8295 8100 FAX: (02) 8295 8659

PARRAMATTA

460 CHURCH STREET, NORTH PARRAMATTA NSW 2151
PO BOX 2210, NORTH PARRAMATTA NSW 1750
PHONE: (02) 8839 3000 FAX: (02) 8839 3055

VICTORIA

151 RATHDOWNE STREET
PO BOX 673, CARLTON SOUTH VIC 3053
PHONE: (03) 9665 0200 FAX: (03) 9639 0286

QUEENSLAND

BRISBANE

213-217 ST. PAUL'S TERRACE BRISBANE QLD 4000
GPO BOX 441, BRISBANE QLD 4001
PHONE: (07) 3634 9750 FAX: (07) 3252 3513

TOWNSVILLE

LEVEL 4, SUNCORP METWAY PLAZA
61-73 STURT STREET
PO BOX 990, TOWNSVILLE QLD 4810
PHONE: (07) 4771 5114 FAX: (07) 4772 5260