

Investment Accumulation Plan

Annual Report 30 June 2009

The Portfolio Service

Contents

| | |
|---|----------|
| Letter from the Managing Director | 1 |
| A review of of the 2008/09 financial year | 2 |
| Director's report | 3 to 6 |
| Auditor's Independence Declaration | 7 |
| Directors' declaration | 8 |
| Income statement for the year ended 30 June 2009 | 9 |
| Balance sheet as at 30 June 2009 | 10 |
| Statement of changes in equity for the year ended 30 June 2009 | 11 |
| Cash flow statement for the year ended 30 June 2009 | 12 |
| Notes to the financial statements for the year ended 30 June 2009 | 13 to 37 |
| Auditor's report | 38 to 40 |

This annual financial report covers The Portfolio Service Investment Accumulation Plan as an individual entity. The Responsible Entity of The Portfolio Service Investment Accumulation Plan is Questor Financial Services Limited (ABN 33 078 662 718). The Responsible Entity's registered office is: Level 22, 207 Kent Street, Sydney NSW 2000.

Letter from the Managing Director

Dear Investor

I am pleased to present to members of The Portfolio Service Investment Accumulation Plan (Plan) the annual report for the year ended 30 June 2009.

Questor Financial Services Limited (Questor) has prepared this annual report in its capacity as the Responsible Entity of the Plan.

As at 30 June 2009, the Plan had total funds under management of \$5.9 million on behalf of 491 investors.

We will continue to provide you with high quality customer service and look forward to updating you of any future improvements to the Plan.

A handwritten signature in black ink, appearing to read 'Christopher F Kelaher', with a long horizontal flourish extending to the right.

Christopher F Kelaher

Managing Director

Questor Financial Services Limited

A review of the 2008/09 financial year

About the fund manager

Questor is a medium-sized Australian fund manager. Together with their related companies, Questor manages and administers money for more than 43,000 investors, representing over \$4.9 billion in assets.

On 24 November 2008, Australian Wealth Management Limited (the ultimate parent of the Responsible Entity) and IOOF Holdings Limited (IOOF) announced their intention to merge. The merger was unanimously recommended by the Boards of both companies and was passed by the Shareholders and Regulatory Authorities. The merger was effective 30 April 2009 and IOOF is now the parent company of the Responsible Entity. As a result of the merger, IOOF has approximately \$94.6 billion in funds under management, advice, administration as at 30 June 2009.

Changes to managed investments for the 2008/09 financial year

There have been a number of changes to the list of managed funds available via the Plan throughout the year.

The following funds have been added to the Plan's List of Investment Strategies:

- United Sector Leaders Capital Balanced Fund
- United Capital Secure Fund.

The following funds have been removed from the Plan's List of Investment Strategies:

- The Balanced Outcomes Fund
- The Hi Growth Outcomes Fund.

Directors' report

The Directors of Questor Financial Services Limited (ABN 33 078 662 718) (the Responsible Entity) submit herewith their report together with the financial report of The Portfolio Service Investment Accumulation Plan (the Plan) for the year ended 30 June 2009.

Directors

The following persons held office as Directors of the Responsible Entity during the year or since the end of the year and up to the date of this report.

M Stewart-Hesketh – resigned 1 May 2009

J C Warburton – resigned 1 May 2009

C F Kelaher

I G Griffiths

G Venardos

I Blair – appointed 1 May 2009

R Sexton – appointed 1 May 2009

J Harvey – appointed 1 May 2009

J Pfeiffer – appointed 1 May 2009

Directors' report (cont)

Principal activities

The Plan is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 22, 207 Kent Street, Sydney NSW 2000.

The Plan's principal activity during the course of the financial year was to receive directions from members on the monies invested through the Plan on their behalf by the Responsible Entity for the purchase of accessible investments such as listed equities, listed trusts, listed notes and managed investments set out in the Plan's Product Disclosure Statement and in accordance with the provisions of the Plan's constitution. Plan members may also receive capital and income distributions on accessible investments they purchase, hold or sell through the Plan. There has been no significant change in the activities of the Plan during the financial year.

Review of operations

During the year, the Plan continued to invest funds as directed by the Plan members and their financial planners.

Results

The results of the operations of the Plan are disclosed in the income statement. The net operating loss before finance costs attributable to investors for the financial year ended 30 June 2009 was \$410,858 (2008: \$450,115).

Distributions

The Plan is an Investor Directed Portfolio Service-like (IDPS-like) scheme under Class Orders O2/296, O4/608 and O4/735 of the *Corporations Act 2001* (as amended). Members have a vested and indefeasible right to the net income arising from accessible investments within their investment portfolio. For details of distributions paid during the year, refer to Note 8 of the financial report.

Significant changes in state of affairs

During the financial year there was no significant change in the state of affairs of the Plan other than that referred to in the financial report or notes thereto.

Subsequent events

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

Future developments

The Plan will continue to be managed in accordance with the provisions of the Plan's constitution. Future results will accordingly depend on the performance of the markets to which the Plan is exposed.

Indemnification of officers of the Responsible Entity and auditors

During the financial year, the Responsible Entity paid a premium in respect of a contract insuring the directors of the Responsible Entity, the Responsible Entity secretary and all executive officers of the Responsible Entity against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity against a liability incurred as such an officer or auditor.

Directors' report (cont)

Contingent liabilities and commitments

There are no outstanding contingent liabilities or commitments as at 30 June 2009 or 30 June 2008.

Fees paid to and interests held in the Plan by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Plan property during the year are disclosed in Note 14 on page 34 of the financial statements.

The Responsible Entity held no interests in the Plan.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* is set out on page 7 and forms part of this report.

Interests in the Plan

The movement in units on issue in the Plan during the year is disclosed in Note 8 of the financial report. The value of the Plan's assets and liabilities during the year is disclosed on the balance sheet and derived using the basis set out in Note 2 of the financial report.

Environmental Regulation

The Plan is not subject to any significant environmental regulations under Commonwealth, State or Territory law.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.298(2) of the *Corporations Act 2001* dated 15 September 2009.

On behalf of the Directors



Christopher F Kelaher
Managing Director
Questor Financial Services

Sydney
15 September 2009

Auditor's Independence Declaration

PricewaterhouseCoopers
ABN 52 780 433 757

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201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au

As lead auditor for the audit of The Portfolio Service Investment Accumulation Plan for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Portfolio Service Investment Accumulation Plan.



RJ Balding
Partner
PriceWaterhouseCoopers

Sydney
15 September 2009

Directors' declaration

In the opinion of the directors of the Responsible Entity.

- (a) The financial statements and notes set out on pages 10 to 42 are in accordance with the Corporations Act 2001 including;
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Plan's financial position as at 30 June 2009 and of its performance for the financial year, ended on that date.
- (b) there are reasonable grounds to believe that the Plan will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 295(5) of the Corporations Act 2001, dated 15 September 2009.

On behalf of the Directors



Christopher F Kelaher

Managing Director

Questor Financial Services Limited

Sydney

15 September 2009

Income statement for the year ended 30 June 2009

| | Notes | 30 June 09 \$ | 30 June 08 \$ |
|---|-------|------------------|------------------|
| Investment income | | | |
| Interest on cash and cash equivalents | 3 | 34,809 | 27,686 |
| Distribution income from unlisted unit trusts | 4 | 235,156 | 321,189 |
| Net losses on financial instruments held at fair value through profit or loss | 5 | (590,908) | (711,929) |
| Other operating income | | 5,022 | 136 |
| Total investment income | | (315,921) | (362,918) |
| Expenses | | | |
| Responsible entity's fees | 14 | 63,665 | 35,076 |
| Investment fees | 14 | 29,071 | 52,121 |
| Duty and sundry taxes | | 2,201 | – |
| Total operating expenses | | 94,937 | 87,197 |
| Net operating loss | | (410,858) | (450,115) |
| Finance costs attributable to investors from operations | | | |
| Distributions to investors | 8 | 23,379 | 241,767 |
| Decrease in net assets attributable to investors | 5,8 | (434,237) | (691,882) |
| Net loss for the year | | (410,858) | (450,115) |

The above income statement should be read in conjunction with the accompanying notes.

Balance sheet as at 30 June 2009

| | Notes | 30 June 09 \$ | 30 June 08 \$ |
|---|----------|------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | 9 | 751,531 | 780,150 |
| Receivables | | 122,940 | 248,352 |
| Financial assets held at fair value through profit or loss | | | |
| Unlisted unit trusts | | 5,028,411 | 3,670,717 |
| Total assets | | 5,902,882 | 4,699,219 |
| Liabilities | | | |
| Payables | | 12,918 | 24,915 |
| Total liabilities (excluding net assets attributable to investors) | | 12,918 | 24,915 |
| Net assets attributable to investors (liability) | 8 | 5,889,964 | 4,674,304 |

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2009

| | 30 June 09 \$ | 30 June 08 \$ |
|--|------------------|------------------|
| Total equity at the beginning of the financial year | - | - |
| Profit for the year | - | - |
| Net income/(expense) recognised directly in equity | - | - |
| Total recognised income and expense for the year | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - |
| Total equity at the end of financial year | - | - |

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Under AIFRS, net assets attributable to investors are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flows statement for the year ended 30 June 2009

| | Notes | 30 June 09 \$ | 30 June 08 \$ |
|--|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Proceeds from sale of financial instruments held at fair value through profit or loss | | 583,551 | 150,373 |
| Payments for purchase of financial instruments held at fair value through profit or loss | | (2,532,153) | (4,533,019) |
| Distributions | | 359,099 | 75,949 |
| Interest received | | 34,809 | 27,686 |
| Other Income | | 5,022 | 136 |
| Responsible entity's fees paid | | (77,864) | (10,160) |
| Investment fees paid | | (27,601) | (55,234) |
| Net cash outflow from operating activities | 15 | (1,655,137) | (4,344,269) |
| Cash flows from financing activities | | | |
| Deposits received | | 2,857,334 | 5,317,672 |
| Investor withdrawals | | (1,230,816) | (193,253) |
| Net cash inflow from financing activities | | 1,626,518 | 5,124,419 |
| Net (decrease)/increase in cash and cash equivalents | | (28,619) | 780,150 |
| Cash and cash equivalents at the beginning of the year | | 780,150 | – |
| Cash and cash equivalents at the end of the year | 9 | 751,531 | 780,150 |

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements for the year ended 30 June 2009

1 General information

The Portfolio Service Investment Accumulation Plan (the Plan) was established by execution of a constitution dated 13 June 2007 (as amended) and commenced operations on 16 July 2007. The duration of the Plan is twenty-five years from the commencement date unless terminated earlier in accordance with certain provisions of the Plan's constitution.

The principal accounting policies adopted in the preparation of the Plan's financial report are stated to assist in a general understanding of the financial report. These policies have been consistently applied except as otherwise stated.

The Financial Statements were authorised for issue by the Directors on 15 September 2009.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied since commencement, unless otherwise stated in the following text.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the Plan's constitution dated 13 June 2007 (as amended), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001 in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for financial assets and financial liabilities held at fair value through profit or loss. The amount expected to be recovered in relation to the balance for financial assets held at fair value through profit or loss cannot be reliably determined. The maturity analysis for financial liabilities at fair value through profit or loss is disclosed in the financial risk management note.

Notes to the financial statements for the year ended 30 June 2009 (cont)

2 Summary of significant accounting policies (cont)

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Fund, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

(b) Financial instruments

This category has two sub categories: financial assets and liabilities held for trading, and those designated at fair value through profit or loss at inception.

Financial assets held for trading are acquired or are incurred principally for the purposes of selling or repurchasing in the short term.

The Plan has designated all of its investments as at fair value through profit or loss. These securities are initially recognised at fair value, typically represented by cost excluding transaction costs, which are expensed as incurred. Investments are valued at their fair value as at the reporting date. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statements in the period which they arise. The following represent the basis of valuation for Financial Reporting purpose.

- i) Financial instruments are designated at fair value through profit or loss as permitted under AASB 139. The Responsible entity uses the same basis to provide information to the entity's key management personnel.
- ii) The Plan recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from that date.
- iii) Investments are derecognised when the right to receive cash flow from the investments has expired or the Plan has transferred substantially all risks and rewards of ownership.
- iv) Securities that are listed or traded on an exchange are fair valued based on quoted "bid" prices on long securities and quoted 'ask' prices on securities sold short.

- v) Securities that are not listed on a securities exchange or are thinly traded are valued using quotes from brokers. Investments in unlisted unit trusts are valued at the redemption price as established by the underlying trust's Responsible Entity.
- vi) In the absence of quoted values or brokers' representative prices, securities are valued using appropriate valuation techniques as reasonably determined by the Responsible Entity.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Plan's main income generating activity.

(d) Investment income

Interest income and expenses are recognised in the income statements for all financial instruments using the effective interest method.

Distributions from unlisted unit trusts are recognised on the quoted ex-distribution unit value date applicable to each investment.

(e) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the income statements on an accruals basis.

(f) Income tax

Under current legislation, the Plan is not subject to income tax provided the taxable income of the Plan is fully distributed either by way of cash or reinvestment (ie investors are presently entitled to the income of the Plan).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Plan is not subject to capital gains tax.

Notes to the financial statements for the year ended 30 June 2009 (cont)

2 Summary of significant accounting policies (cont)

Realised capital losses are not distributed to investors but are retained in the Plan to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to investors.

The benefits of imputation credits and foreign tax paid are passed on to investors.

The Plan currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the income statement.

(g) Distributions to investors

In accordance with the Plan's constitution, each member will have a vested and indefeasible right to the net income attributable to their accessible investments within their investment portfolio. Member's entitlement to net income will be satisfied by paying to them their distributable income.

(h) Increase/decrease in net assets attributable to investors

Non-distributable income is transferred directly to net assets attributable to investors and may consist of unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to net assets attributable to investors) and accrued income not yet accessible will be included in the determination of distributable income in the same year in which it becomes accessible for tax.

(i) Receivables

Receivables may include amounts for interest, trust distributions and securities sold where settlement has not yet occurred. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(j) Payables

Payables includes' liabilities and accrued expenses owing by the Plan which are unpaid at balance date. Trades are recognised on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The distribution amount payable to investors as at reporting date is recognised separately on the balance sheets as investors are presently entitled to the distributable income under the Plan's constitution.

(k) Assets

All assets in the plan are attributable to the investors, and are not classified based on maturity dates. Sale of an individual asset is determined by a financial planner/client.

(l) Liabilities

All liabilities owing by the plan are due within a year.

(m) Applications and redemptions

Applications received for investments in the Plan are recorded net of entry fees payable prior to the issue of investments in the Plan. Redemptions from the Plan are recorded gross of any exit fees payable.

(n) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Plan by third parties such as audit fees, custodial services and investment management fees have been passed onto the Plan. The Plan qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the income statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

Notes to the financial statements for the year ended 30 June 2009 (cont)

2 Summary of significant accounting policies (cont)

(o) Use of estimates

The Plan makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(p) New Accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Plan) and interpretations are set out below:

- (i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009)

The Plan will adopt AASB 8 from 1 July 2009. Application of these standards will not affect any of the amounts recognised in the financial statements, but will affect the segment disclosures provided in Note 10.

- (ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009).

AASB 101 (Revised) is applicable to annual reporting period beginning on or after 1 January 2009. The Plan will adopt this standard from 1 July 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements. If the Plan makes a prior period adjustment or re-classifies items in the financial statement, it will need to disclose a third balance sheet (statement of financial position), this one being at the beginning of the comparative period.

- (iii) AASB 132 *Financial Instruments: Presentation* and AASB 2008-2 *Amendments to Australian Accounting Standards- Puttable Financial Instruments and Obligations Arising on Liquidation* (Revised AASB 132) (effective from 1 January 2009)

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Plan has not adopted this standard early. Application of this

standard will not affect any of the amounts recognised in the financial statements as all net assets are attributable to investors. Accordingly there will be no change to classification of net assets attributable to unit holders as a liability and therefore no impact on profit or loss & equity.

- (iv) *AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosure about Financial Instruments* (effective from 1 January 2009)

In April 2009, the AASB published amendments to AASB 7 *Financial Instruments: Disclosures* to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The AASB also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives. The Plan will apply the amendments from 1 July 2009. They will not affect any of the amounts recognised in the financial statements but will impact the current disclosure of the Plan's financial instruments.

- (v) *AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project* (effective from 1 January 2010)

In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards. The Plan will apply the revised standards from 1 July 2009. The Plan does not expect that any adjustments will be necessary as the result of applying the revised rules.

- (vi) *AASB 2009-6 Amendments to Australian Accounting Standards* and *AASB 2009-7 Amendments to Australian Accounting Standards* (effective from 1 January 2009 and 1 July 2009, respectively)

In June 2009, the AASB issued AASB 2009-6 and AASB 2009-7. The Standards make numerous editorial amendments to a range of Australian Accounting Standards and interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. AASB 2009-6 is applicable to annual reporting periods beginning on or after 1 January 2009 that end on or after 30 June 2009. AASB 2009-7 is applicable to annual reporting periods beginning on or after 1 July 2009. There are no changes to any of the accounting policies necessary as a result of these amendments.

Notes to the financial statements for the year ended 30 June 2009 (cont)

2 Summary of significant accounting policies (cont)

(vii) Improvements to Australian Accounting Standards: AASB 2008-5 and AASB 2008-6

In July 2008, the AASB issued a number of improvements to existing Australian Accounting Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to AASB 5 Non Current Assets Held for Sale and Discontinued Operations regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. The Plan does not expect that any adjustments will be necessary as the result of applying the revised rules.

3 Interest income

| | 30 June 2009 | | |
|-----------------------|-----------------|----------|--------------|
| | Average balance | Interest | Average rate |
| | \$ | \$ | % |
| Cash management trust | 719,630 | 34,809 | 4.84 |

| | 30 June 2008 | | |
|-----------------------|-----------------|----------|--------------|
| | Average balance | Interest | Average rate |
| | \$ | \$ | % |
| Cash management trust | 404,007 | 27,686 | 6.85 |

This table shows the average balance for each category of interest-bearing assets, the amount of interest revenue and the average interest rate. The average balances are calculated using quarterly balances.

4 Trust distribution income

| | 30 June 09 | 30 June 08 |
|-------------------------------------|------------|------------|
| | \$ | \$ |
| Unlisted managed investment schemes | 235,156 | 321,189 |

5 Net losses on financial instruments held at fair value through profit or loss

| Financial Assets | 30 June 09 | 30 June 08 |
|--|------------------|------------------|
| | \$ | \$ |
| Net unrealised losses on financial instruments designated as at fair value through profit or loss | | |
| Unlisted units in managed investment schemes | (434,237) | (691,882) |
| Net realised losses on financial instruments held at fair value through profit or loss | | |
| Unlisted units in managed investment schemes | (156,671) | (20,047) |
| Total net losses on financial instruments Held at fair value through profit or loss | (590,908) | (711,929) |

Notes to the financial statements for the year ended 30 June 2009 (cont)

6 Auditor's remuneration

| | 30 June 09 \$ | 30 June 08 \$ |
|---|------------------|------------------|
| Audit and review of financial reports | 45,680 | 45,680 |
| Other audit work under the <i>Corporations Act 2001</i> | 2,232 | 2,232 |
| | 47,912 | 47,912 |

The auditor's remuneration is being borne by the Responsible Entity.

7 Responsible entity's fees and investment fees

In accordance with the Plan's constitution and the Product Disclosure Statement, the Responsible Entity receives a fee calculated on the basis of the average value of an investor's investment portfolio in the Plan. The rates are detailed below effective from 01/07/2008.

| | | |
|---|---|--------------------|
| Contribution fee | This Fee may be on paid in part or whole to your Financial Advisor. | Up to 4% |
| Administration fee | | 0.50% pa |
| A cash management account (CMA) balance charge applies where there are insufficient funds in the CMA to cover the cost of a transaction, including taxes and fees. The charge is based on the return of the CMA and the timing differences in purchases, sales and withdrawals. | | |
| Implementation fee | On switching between each investment option. | Up to 4% |
| Adviser service fee (as agreed with financial planner) | This fee is on paid to a financial planner. | Up to 2.575% pa |
| Dishonour fee | On each dishonour fee for a direct debit facility plus any financial institution charges. | \$30 |

Additional fee disclosure

Certain investment managers of some managed investment schemes offered through the Plan pay a marketing fee of up to 0.50% pa to Questor. This fee is paid by an investment manager and is not an additional cost to the Plan member.

8 Net assets attributable to investors

| | 30 June 09 \$ | 30 June 08 \$ |
|--|------------------|------------------|
| Investors' accounts | | |
| Opening balance | 4,674,304 | – |
| Investor deposits | 2,857,334 | 5,317,672 |
| Investor withdrawals | (1,230,816) | (193,253) |
| Distribution credited to investor | 23,379 | 241,767 |
| Transfer of net undistributed income to the income statement | (434,237) | (691,882) |
| Closing balance | 5,889,964 | 4,674,304 |

9 Cash and cash equivalents

| | 30 June 09 \$ | 30 June 08 \$ |
|-----------------------|------------------|------------------|
| Cash management trust | 751,531 | 780,150 |
| | 751,531 | 780,150 |

Notes to the financial statements for the year ended 30 June 2009 (cont)

10 Segment information

Business segments

The Plan operates solely in the industry of funds management. Consequently, no detailed segment reporting is provided in the Plan's financial statements.

Geographical segments

The Plan operates in Australia and all directly held assets are predominantly Australian.

Some of these assets may themselves hold overseas assets.

This disclosure has been prepared on the basis of the Plan's direct investments and not on a look-through basis for investments held indirectly through unit trusts.

11 Capital Risk Management

The capital of the Plan is represented by the net assets attributable to members. The amount of net asset attributable to members can change significantly on a daily basis as the Plan is subject to daily deposits and withdrawals at the discretion of members.

The Plan's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns for members. The underlying managed funds of the Plan have the ability to restrict and suspend their redemptions or specific capital requirements on the subscriptions and redemptions of units.

The Board of Directors and Responsible Entity monitor capital on the basis of the value of net assets attributable to members.

| | 30 June 09 \$ | 30 June 08 \$ |
|---|------------------|------------------|
| Liquid asset of the fund | 751,531 | 780,150 |
| Net assets attributable to investors | 5,889,964 | 4,674,304 |
| Ration of liquid assets to net assets attributable to investors | 12.76 % | 16.69 % |

12 Financial risk management

The Plan's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Plan's overall risk management programme focuses on ensuring compliance with the governing documents of the Plan. Financial risk management is carried out by the investment managers of the various unitised trusts offered by the Plan.

The Plan is an Investor Directed Portfolio Service-like (IDPS-like) scheme. Members make individual selections of investments into various unitised unit trust investments which are available through the Plan. Each unitised trust has its own objective. Periodically management reviews the performance of the unitised trusts offered by the plan.

The financial statements of the Plan are prepared on a consolidated basis with no separate financial statements produced for each individual investment option.

The Plan invests into related party unit trusts which are set out in Note 14.

As the unit trust investments are non-monetary assets, interest rate risk and foreign exchange risk are reported under price risk.

(a) Market risk

(i) Price risk

The Plan is exposed to equity securities price risk. This arises from the investments held by the Plan for which prices in the future are uncertain. These are classified on the balance sheet as at fair value through profit or loss. Where non-monetary financial instruments are denominated in currencies other than the Australian Dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) below sets out how this component of price risk is managed and measured. All security investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The table on pages 27 to 28 summaries the impact on the Plan of reasonably possible changes in the returns of each of the asset classes to which the Plan is exposed through the unit trusts in which it invests at year end.

Notes to the financial statements for the year ended 30 June 2009 (cont)

12 Financial risk management (cont)

A reasonable possible change is management's assessment of the reasonably possible percentage movement in the value of each of the asset classes.

The impact on net assets attributable to investors is calculated by applying the reasonable possible movement determined for each asset class to the value of each unit trust held by the Plan. The analysis is based on the assumption that the returns on each unit trust have increased or decreased as disclosed with all other variable held constant.

The majority of the Plan's investments are unit trusts.

The impact mainly arises from the reasonably possible change in the fair value of unit trusts.

(ii) Foreign exchange risk

The Plan holds units in international unit trusts and is exposed to foreign exchange risk as the offshore securities they hold are denominated in foreign currency. These trusts may have entered into derivatives in order to gain exposure to offshore markets. As these investments are non-monetary assets, the foreign exchange risk is a component of price risk. The plan does not manage foreign exchange risk, rather it is managed by the individual fund managers of the international unit trusts that the plan invests into.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets. Interest rates may affect a company's cost of borrowings as well as the value of the fixed interest securities. The Plan holds units in fixed interest unit trusts as well as invests in listed notes and cash management trusts.

| 30 June 2009 | | | |
|--------------------|--|---|-------------|
| Asset class | Reasonably possible movement in interest rates | Impact on operating Profit/Net assets attributable to investors | |
| | | Increase \$ | Decrease \$ |
| Interest rate risk | +/- 2% | 20,786 | (20,786) |

| 30 June 2008 | | | |
|--------------------|--|---|-------------|
| Asset class | Reasonably possible movement in interest rates | Impact on operating Profit/Net assets attributable to investors | |
| | | Increase \$ | Decrease \$ |
| Interest Rate Risk | +/-2% | 21,628 | (21,628) |

(b) Summarised sensitivity analysis

The consolidated table on page 28 summarises the sensitivity of the Plan's operating profit and net assets attributable to investors. The reasonably possible movements in the risk variables have been determined based on management's estimate, having regard to a number of factors, including historical levels of changes in market index and/or benchmark returns, interest rates and foreign exchange rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of economies, markets and securities in which the Plan invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

Notes to the financial statements for the year ended 30 June 2009 (cont)

12 Financial risk management (cont)

| 2009 Price risk | | | |
|-----------------|--|---|-------------|
| Asset class | Reasonably possible movement in interest rates | Impact on operating Profit/Net assets attributable to Investors | |
| | | Increase \$ | Decrease \$ |
| Unit trusts | +/-12% | 552,180 | (552,180) |
| Totals | | 552,180 | (552,180) |

| 2008 Price risk | | | |
|-----------------|--|---|-------------|
| Asset class | Reasonably possible movement in interest rates | Impact on operating Profit/Net assets attributable to Investors | |
| | | Increase \$ | Decrease \$ |
| Unit trusts | +/- 12% | 399,413 | (399,413) |
| Totals | | 399,413 | (399,413) |

(c) Credit risk

Credit risk is the risk that counterparty will fail to perform contractual obligation, either in whole or in part, under a contract.

Credit risk primarily arises from investments in debt securities. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

Credit risk in the plan is managed by the individual investors. In the event that counterparty defaults on their obligation, the loss is borne by the individual investors.

(d) Liquidity risk

Liquidity risk is the risk that the Plan will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments.

To manage liquidity risk, the Plan invests in financial instruments, which under normal market conditions are readily convertible into cash. In addition, the Plan operates within established limits to ensure that there are no significant concentrations of risk.

A table analysing the Plan's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date is prescribed as follows.

| | Less than 1 Month \$ | 1-6 Months \$ | 6-12 Months \$ |
|---|----------------------------|---------------------|----------------------|
| As at 30 June 2009 | | | |
| Financial liabilities held at fair value through profit or loss | | | |
| Due to administrator | 11,283 | - | - |
| Payables | 1,635 | - | - |
| Net assets attributable to investors | 5,889,964 | - | - |
| Total Financial Liabilities | 5,902,882 | - | - |

Notes to the financial statements for the year ended 30 June 2009 (cont)

12 Financial risk management (cont)

| | Less than 1 Month \$ | 1-6 Months \$ | 6-12 Months \$ |
|---|----------------------------|---------------------|----------------------|
| As at 30 June 2008 | | | |
| Financial liabilities held at fair value through profit or loss | | | |
| Due to administrator | 22,637 | - | - |
| Payables | 2,278 | - | - |
| Net assets attributable to investors | 4,674,304 | - | - |
| Total Financial Liabilities | 4,699,219 | - | - |

13 Material investments

Principal activities of the Plan

The Plan's principal activity during the course of the financial year was to receive directions from members on the monies invested through the Plan on their behalf by Questor for the purchase of accessible investments such as listed equities, listed trusts, listed notes and managed investments set out in the Plan's Product Disclosure Statement and in accordance with the provisions of the Plan's constitution. Plan members may also receive capital and income distributions on accessible investments they purchase, hold or sell through the Plan. There has been no significant change in the activities of the Plan during the financial year.

| | Holdings | Value \$ | Percentage of investments |
|---|----------|------------------|------------------------------|
| 30 June 2009 | | | |
| Questor Cash Management Trust | 751,531 | 751,531 | 13.00 |
| Global Value Investors Fund | 437,761 | 324,994 | 5.62 |
| Perennial Value Shares W/S Trust | 617,941 | 590,628 | 10.22 |
| Perpetual W/S Balanced Growth Fund | 505,706 | 614,433 | 10.63 |
| Platinum International Fund | 224,622 | 385,316 | 6.67 |
| Schroder Australian Equity Fund S Class | 59,216 | 375,029 | 6.49 |
| Vanguard W/S Balanced Index Fund | 566,665 | 577,545 | 9.99 |
| Vanguard W/S Conservative Index Fund | 537,950 | 532,248 | 9.21 |
| Vanguard W/S Growth Index Fund | 765,377 | 732,925 | 12.68 |
| | | 4,884,649 | |

The above investments represent over 5% of the Plan's net assets.

Notes to the financial statements for the year ended 30 June 2009 (cont)

13 Material investments (cont)

| | Holdings | Value \$ | Percentage of investments |
|---|----------|------------------|------------------------------|
| 30 June 2008 | | | |
| Questor Cash Management Trust | 780,150 | 780,150 | 17.53 |
| Global Value Investors Fund | 371,564 | 400,546 | 9.00 |
| Perennial Value Shares W/S Trust | 420,912 | 556,278 | 12.50 |
| Perpetual W/S Balanced Growth Fund | 165,210 | 236,582 | 5.32 |
| Platinum International Fund | 183,990 | 286,491 | 6.44 |
| Schroder Australian Equity Fund S Class | 38,637 | 336,770 | 7.57 |
| United High Yield Fund | 321,301 | 305,172 | 6.86 |
| Vanguard W/S Balanced Index Fund | 345,370 | 403,013 | 9.05 |
| Vanguard W/S Conservative Index Fund | 417,451 | 447,634 | 10.06 |
| Vanguard W/S Growth Index Fund | 408,952 | 476,307 | 10.70 |
| | | 4,228,943 | |

The above investments represent over 5% of the Plan's net assets.

14 Related party information

(a) Responsible entity

The Responsible Entity of the Plan is Questor Financial Services Limited.

(b) Key management personal

i) Directors

The following persons held office as directors of the Responsible Entity during the year or since the end of the year and up to the date of this report.

M Stewart-Hesketh – resigned 1 May 2009

J C Warburton – resigned 1 May 2009

C F Kelaher

I G Griffiths

G Venardos

I Blair – appointed 1 May 2009

R Sexton – appointed 1 May 2009

J Harvey – appointed 1 May 2009

J Pfeiffer – appointed 1 May 2009

ii) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Plan, directly or indirectly during the financial year.

(c) Key management personnel unit holdings

The key management personnel of Questor Financial Services Limited did not have an investment in the Plan in 2009 and 2008 financial years. If key management personnel or their associates become members of the Plan, their participation will be on the same terms and conditions as all other members of the Plan. However, Questor Financial Services Limited reserves the right to negotiate and agree different fee arrangements with professional and sophisticated investors and employees and associates of Questor Financial Services Limited (as defined under the *Corporations Act 2001*).

Notes to the financial statements for the year ended 30 June 2009 (cont)

14 Related party information (cont)

(d) Key management personnel compensation

Key management personnel are paid by IOOF Holdings Ltd ("IFL"), of which Questor Financial Services Limited is a wholly owned subsidiary. Payments made from the Plan to Questor Financial Services Limited do not include any amounts attributable to the compensation of key management personnel.

(e) Key management personnel loan disclosures

The Plan has not made, guaranteed, or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

(f) Responsible entity's fees and other transactions

The total amounts paid and payable to the Responsible Entity during the year were as follows:

| | 2009 \$ | 2008 \$ |
|---------------------------|------------|------------|
| Investment fees | 29,071 | 52,121 |
| Responsible entity's fees | 63,665 | 35,076 |

(g) Investing activities

Investors, in conjunction with financial planners, and where applicable having regard to the offer document of the relevant managed investment, use the Plan to select from a range of managed investments and other authorised investments set out in the Plan constitution and *Corporations Act 2001*. Although the Responsible Entity has the right to reject an investment chosen by an investor even if it is an authorised investment, the primary decision as to the investments utilised by the investor, lies with the investor, not with the Responsible Entity subject to the Plan constitution and *Corporations Act 2001*.

As such, the Plan may purchase and sell units in managed investments and approved trusts which are also managed by the Responsible Entity or its affiliates. The purchase and sale of these units are at market determined issue and redemption prices.

(h) Investments in registered schemes managed by related parties

The Plan may invest in other registered schemes managed by the Responsible Entity or other related parties. Details of those investments at 30 June 2009 are as follows:

| Trusts names | Number of units held at 30/06/2009 | Value of unit holdings as at 30/06/2009 \$ | Interest held at 30/06/2009 % | Dividend Received/receivable 30/06/2009 \$ |
|--|------------------------------------|---|----------------------------------|---|
| Australian Majors Fund | 5,250 | 2,843 | 0.01 | 110 |
| Cash Management Fund | 751,531 | 751,531 | 0.05 | 34,809 |
| Global Value Investments | 437,761 | 324,994 | 0.52 | 31,106 |
| Perennial Value Share W/S Trust | 617,941 | 590,628 | 0.02 | 24,942 |
| United High Yield Fund | 328,029 | 287,747 | 0.22 | 12,462 |
| United Sector Leaders – Australian Equities Fund | 49,069 | 55,231 | 0.01 | 1,754 |
| United Sector Leaders Capital Balanced Fund | 250,787 | 212,768 | 0.03 | 6,974 |
| United Sector Leaders Capital Growth Fund | 80,003 | 69,411 | 0.01 | 1,378 |
| United Sector Leaders Capital High Growth Fund | 19,078 | 10,787 | 0.01 | 229 |
| United Sector Leaders – International Equities | 36,038 | 24,769 | 0.01 | 301 |
| United Sector Leaders – Property Fund | 17,742 | 9,080 | 0.01 | 819 |

Notes to the financial statements for the year ended 30 June 2009 (cont)

14 Related party information (cont)

| Trusts names | Number of units held at 30/06/2008 | Value of unit holdings as at 30/06/2008 \$ | Interest held at 30/06/2008 % | Dividend Received/receivable 30/06/2008 \$ |
|--|------------------------------------|---|----------------------------------|---|
| United High Yield Fund | 321,302 | 305,172 | 0.15 | 16,108 |
| United Sector Leaders – Australian Equities Fund | 35,964 | 59,045 | 0.00 | 3,118 |
| United Sector Leaders – International Equities | 28,842 | 27,079 | 0.00 | 3,032 |
| United Sector Leaders – Property Fund | 17,046 | 17,761 | 0.01 | 3,829 |
| United Sector Leaders Capital Balanced Fund | 94,975 | 97,017 | 0.01 | 4,159 |
| Cash Management Fund | 780,150 | 780,150 | 0.06 | 27,686 |
| United Sector Leaders Capital High Growth Fund | 2,682 | 2,123 | 0.00 | 69 |
| Global Value Investments | 371,564 | 400,547 | 0.36 | 28,332 |

The total amount of management fees that the Plan has been charged indirectly through its investments in The Wholesale Trusts by the Responsible Entity is \$7,197 (2008: \$4,728).

15 Reconciliation of net operating loss to net cash inflow / (outflow) from operating activities

| | 2009 \$ | 2008 \$ |
|--|--------------------|--------------------|
| Net operating loss from ordinary activities | (410,858) | (450,115) |
| Add: | | |
| Proceeds from sale of financial instruments held at fair value through profit or loss | 583,551 | 150,373 |
| Increase/(decrease) in fees payable to Responsible Entity | (11,997) | 24,916 |
| Decrease/(increase) in accrued income | 123,942 | (245,238) |
| Unrealised losses on financial instruments held at fair value through profit or loss | 434,237 | 691,882 |
| Decrease/ (increase) in refundable income tax credits from ATO | 1,470 | (3,113) |
| Net realised losses on financial instruments designated at fair value through profit or loss | 156,671 | 20,047 |
| Payment for purchase of financial instruments held at fair value through profit or loss | (2,532,153) | (4,533,019) |
| Net cash outflow from operating activities | (1,655,137) | (4,344,269) |

16 Events occurring after the balance sheet date

No significant events have occurred since balance date which would impact on the financial position of the Plan disclosed in the balance sheet as at 30 June 2009 or on the results and cash flows of the Plan for the year ended on that date.

17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009 or 30 June 2008.

Independent auditor's report to the members of The Portfolio Service Investment Accumulation Plan

PricewaterhouseCoopers
ABN 52 780 433 757

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GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au

Report on the financial report

We have audited the accompanying financial report of The Portfolio Service Investment Accumulation Plan (the Plan), which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Plan.

Directors' responsibility for the financial report

The directors of the responsible entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Liability limited by a scheme approved under Professional Standards Legislation.

Auditor's opinion

In our opinion:

- (a) the financial report of The Portfolio Service Investment Accumulation Plan is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Plan's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.



PricewaterhouseCoopers



RJ Balding
Partner

Sydney
15 September 2009

