

This Annual Report and Member Handbook was prepared and issued on 16 November 2004 as the Product Disclosure Statement for the Independent Superannuation Preservation Fund (ISPF) ABN 55 807 574 608 by the Trustee of the Fund, Mellon Nominees Limited (MNL) ABN 66 008 612 397.

This Handbook provides important information about the main features, costs, benefits and investments of ISPF. Further information about the Fund and the Trustee is available by contacting ISPF on 07 3238 1296 or by writing to ISPF at PO Box 1047 MILTON QLD 4064.

The information provided by ISPF is of a general nature and does not take into account your individual objectives, financial situation or needs. If you require such specific advice, you should contact a licensed Financial Adviser.

Superannuation is a long-term investment and the value of your investment may rise or fall. While ISPF must protect the benefits of members, in a poor investment period the Trustee may charge an amount equal to your investment return plus \$10. If you leave the Fund within a few years of joining you may get back less than the amount of contributions paid because of the level of investment returns earned by the Fund, taxation and the Fund's charges.

Enquiries & Complaints

The Trustee has a procedure to enable members to enquire into or complain about the operation or the management of ISPF as it relates to them. If a member has an enquiry they should first telephone the Fund on: (07) 3238 1296.

Alternatively, if the member has a complaint, they should write to:

The Complaints Manager
Independent Superannuation Preservation Fund
PO Box 1047
MILTON QLD 4064

All complaints will be dealt with within 90 days. If after receiving a response, the member is not satisfied, they can contact the Superannuation Complaints Tribunal (SCT). The SCT is an independent body established by the Federal Government to consider complaints about Trustee decisions that may be unfair or unreasonable.

The Tribunal may be able to assist the member but only if the member has firstly made a genuine effort to resolve the complaint through the Fund's own complaint process. If the Tribunal accepts the member's complaint it will attempt to resolve the matter through conciliation. Failing this, the matter will be referred to the Tribunal for a determination, which is binding on all parties.

The SCT can be contacted at:

Superannuation Complaints Tribunal
Locked Mail Bag 3060
MELBOURNE VIC 3000
Phone: 1300 884 114
Or visit the SCT website at: www.sct.gov.au

About Independent Superannuation Preservation Fund

The Independent Superannuation Preservation Fund (ISPF) was established by a trust deed dated 25 June 2002. ISPF can receive and protect benefits paid from other Superannuation Funds, Approved Deposit Funds (ADF), Retirement Savings Accounts (RSA), Superannuation Guarantee (SG) shortfall payments, and amounts paid from the Superannuation Holding Accounts Reserve (SHAR).

Trustee

The Trustee is Mellon Nominees Limited (MNL) ACN: 008 612 397. MNL is a specialist trustee company within the Mellon group. Incorporated as a public company on 13 December 1985, MNL provides trustee services to superannuation funds and is an "Approved Trustee" under the Superannuation Industry (Supervision) Act 1993 (SIS). MNL holds an Australian Financial Services (AFS) Licence – AFS Licence No: 244385.

Manager

The Manager is Independent Superannuation Preservation Fund Pty Ltd ACN 100 837 214 (Manager). The Manager provides recommendations to the Trustee on a number of matters relating to the strategic operation of the Fund but cannot interfere with the Trustee's discretions. The Manager is also contracted to provide various services to the Trustee, principally the promotion of the Fund. The Manager will be paid a fee from ISPF for providing these services.

Fund Compliance

ISPF is a complying regulated superannuation fund. As such it complies with the Superannuation Industry (Supervision) Act 1993 and is eligible for concessional tax treatment.

Indemnity Insurance

In order to protect the Trustee company the Trustee has taken out trustee liability insurance in respect of major legal claims made against it. The Trustee is not insured for dishonest, wilful or reckless acts.

Effective 27 June 2003, the Trustee held a Deed of Guarantee issued by JPMorgan Chase Bank. This document unconditionally guarantees the liabilities incurred by the Trustee up to \$5 million in order to meet the costs and expenses relating to the performance of its duties as a trustee of superannuation entities. The Deed of Guarantee is available for inspection at the registered office of the Trustee.

Administrator

The administration services for ISPF is provided by Independent Fund Administrators & Advisers Pty Ltd (IFAA), ABN 28 081 966 243. IFAA is an independently owned company specifically established to provide administration and consulting services to Queensland superannuation funds. IFAA will be paid a fee from ISPF for providing these administration services.

What transfers does ISPF accept?

ISPF is an Eligible Rollover Fund which means that it will automatically accept eligible benefits that are rolled over by the Trustees of other complying Superannuation Funds, ADFs, RSAs, SG shortfall payments, and amounts paid from the SHAR. ISPF can also accept Government Co-contributions for a member if the member has no other superannuation fund.

ISPF does not accept other amounts such as member personal contributions, contributions from employers or amounts rolled over by a member from another superannuation fund.

Summary of Benefits Payable to Members

The rules governing ISPF are set out in a legal document called a Trust Deed. If a member wishes to obtain a copy of any of the rules of ISPF which affect their benefits or rights, they can contact ISPF (refer to Contact Details shown on page 9). The Trustee can, with the consent of the Manager, amend the Trust Deed by deed of variation. Where any amendment is likely to adversely affect the rights of members, the prior approval of all affected members is necessary. There were no changes to the Trust Deed during the year ended 30 June 2004.

As an approved Eligible Rollover Fund, ISPF accepts the benefits of members transferred by the Trustees of other superannuation funds. An account is established for each member which is credited with monies received on behalf of the member. A weekly administration fee is levied against members' accounts. Interest is calculated on your account balance on a daily basis after deductions for tax (if applicable) and administration fees. Interest is credited to your account as at 30 June each year. The balance in a member's account is the member's benefit. ISPF protects

members' account balances in accordance with Federal Government legislation (refer to Member Benefit Protection section for more information).

The Government has placed restrictions on when a person can have access to preserved benefits and that person generally cannot access benefits until they reach age 65 or retire after they reach their preservation age (see below for explanation of preservation age).

A member's account balance can be released from the Fund on:

- Retirement after attaining the preservation age
- Permanent Incapacity
- Death
- Transfer to another superannuation fund
- Departing Australia Superannuation Payment (available only on departure of some temporary residents)

Release of benefit on the grounds of Financial Hardship or Specified (compassionate) Grounds is not available. Preserved benefits under \$200 can only be released as a rollover to another superannuation arrangement.

Preservation Age

A member's preservation age depends on when the member was born. The following table explains this:

People born	Preservation Age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

How to make a Claim

Simply call or write to ISPF to arrange a benefit quotation and forms to arrange the release of benefits from the Fund.

Unclaimed Moneys

Unclaimed monies are benefits which are due to be paid from ISPF as the member has reached the pensionable age, however the Trustee is unable to make the payment because after making reasonable efforts the Trustee is unable to contact the member and the member has not provided ISPF with payment instructions. In this case, the benefits will be paid to the Unclaimed Monies Section of the Public Trustee Queensland, 444 Queen Street, Brisbane Qld 4000. Telephone (07) 3213 9357.

Nominating a Beneficiary

When you joined your originating fund you were asked to nominate a "preferred beneficiary" to whom you want your benefit to be paid on your death. The Trustee however, has discretion as to whom any death benefit is paid. Death benefits can generally only be paid to your dependant or your legal personal representative. Dependant includes your spouse (including de-facto spouse) and your children (including any adopted child or stepchild) and other persons with whom you have an interdependency relationship. An interdependency relationship is generally one where two persons have a close personal relationship and live together and one or each of them provides the other with domestic support or care. If you wish to update your nomination, please notify ISPF in writing at anytime.

How much tax will you pay?

Transfers from other superannuation funds

Generally, no tax will apply to amounts transferred into ISPF from other Superannuation accounts unless the amount transferred contains an "untaxed element" in the post June 1983 component (this is a termination payment made direct from an employer, or a payment from certain superannuation funds for government employees). We are required by law to deduct tax at 15% of the untaxed amount.

A further surcharge tax may also apply. The Australian Taxation Office (ATO) determines whether your contributions will be subject to surcharge tax. ISPF is required to deduct the surcharge tax from your account if an assessment is received on your behalf from the ATO.

Investment earnings

Your investment earnings and realised capital gains in the Fund are taxed at up to 15%.

Tax on benefits

Tax will not be payable if you rollover or transfer your benefits to another complying superannuation fund.

Tax may be payable when you make a lump sum withdrawal from the Fund. The amount of tax payable is dependent on the Eligible Termination Payment (ETP) components of your benefit and your age at the date of withdrawal.

The lump sum tax rates applicable to the various components of an ETP are set out in the following table:

ETP Components	Aged less than 55 years	Aged 55 years and over
Undeducted contributions	Tax free	Tax free
Post June 1994 Invalidation Component	Tax free	Tax free
CGT Exempt Component	Tax free	Tax free
Concessional and Pre 1 July 1983 Components	5% of the amount is assessable in your income tax return at your marginal tax rate (plus Medicare levy)	5% of the amount is assessable in your income tax return at your marginal tax rate (plus Medicare levy)
Post 30 June 1983 Component	Taxed at 20% (plus Medicare levy)	First \$123,808* is tax free. The remainder is taxed at 15% (plus Medicare levy)

*Applicable for 2004/05. This is a lifetime threshold and increases every year in line with average weekly ordinary time earnings (AWOTE).

If you make a cash withdrawal and have not advised us of your Tax File Number, the Pre 1 July 1983 and Post 30 June 1983 components of your withdrawal will be taxed at the top personal income tax rate (currently 47%) plus Medicare levy.

Tax rates will differ for payments made to departing non-residents.

Reasonable Benefit Limits

The Government sets limits on the maximum amount you can receive from a superannuation fund that qualifies for tax at concessional rates.

These limits are known as Reasonable Benefit Limits (RBL) and from 1 July 2004 are:

- \$619,223 when you take over 50% of your benefit as a lump sum.
- \$1,238,440 when at least 50% of your benefit is taken as a complying pension or annuity.

Any superannuation benefit received that is above these levels is taxed at rates between 38% and 47% plus the Medicare levy of 1.5%.

For more information about tax on Superannuation benefits, contact the Australian Taxation Office on 131 020.

Providing your Tax File Number (TFN)

ISPF is authorised to collect your TFN under taxation laws, the Superannuation Industry (Supervision) Act 1993 (SIS) and is governed by the Privacy Act. It is optional for you to provide your TFN. The Fund is required by law to properly safeguard it and only use it for legislatively approved superannuation purposes.

These purposes include:

- Advising the Australian Taxation Office (ATO) for taxation and Reasonable Benefit Limit purposes;
- Calculating tax on any benefit to which you may be entitled;
- Advising the relevant Authority if you turn 65 and we are unable to pay your benefit as we don't have your address;
- Allowing your TFN to be forwarded to another regulated fund if your benefit is rolled over or transferred unless you request in writing for this not to be done;
- Assist in searching for, and amalgamating superannuation benefits in the Fund for you; and
- Advising the ATO in accordance with Surcharge Legislation.

These lawful purposes may change as future legislation changes, as may the consequences listed below.

If you do not provide your TFN, we may be unable to properly administer your benefits. Providing your TFN is voluntary and it is not an offence if you do not provide it. However, if you choose **NOT** to provide your TFN:

- Benefits paid to you will be subject to tax at the top personal income tax rate (currently 47%) plus Medicare levy (this may be recovered after lodgement of your tax return); and
- ISPF may not be able to locate and amalgamate multiple benefits in the Fund for you.

Privacy

MNL has outsourced the administration of the Fund to Independent Fund Administrators & Advisers Pty Ltd (IFAA), ABN 28 081 966 243. This includes all information processing, record keeping and claims management.

The administrator collects information about members on behalf of MNL. The information passed from your originating superannuation fund will be retained by IFAA as the administrator. IFAA collects information about you for the purpose of administering your superannuation benefit in ISPF.

You will be able to access information IFAA holds about you on request, and update any information which is inaccurate or out-of-date. In addition, ISPF's privacy policy will be provided to you on request.

ISPF participates in SuperMatch, an ATO initiative to help members of superannuation funds find superannuation benefits they may have lost track of. ISPF may provide your personal details to the ATO to enable your account to be matched with any inactive superannuation accounts in your name, or to locate missing superannuation contributions paid to the ATO on your behalf.

In addition, ISPF may cross match your personal details with other superannuation funds with similar membership to help locate any other superannuation accounts in your name, or to identify your current address if you have not notified us of your change of address. ISPF may also provide your details to an external address location service provider, if ISPF does not have a current address for you.

If you would prefer that your details are not disclosed for the purposes of cross matching, you should advise us of this in writing.

Investments

The following sets out ISPF's Investment Objectives, Strategy, and Asset Allocation.

Investment Objectives

The Trustee aims to achieve a rate of return which is competitive against a peer group of other Eligible Rollover Funds through investment in a diversified range of assets whilst also maintaining sufficient liquidity to cover all operating costs of the Fund. Earnings are expected to exceed inflation by at least 2% averaged over rolling 5 year periods. However, despite this objective, there may be periods when the net returns, after tax and expenses, are negative.

In making decisions on the asset strategy, the Trustee will have regard to the protection of members' account balances, the Trust Deed provisions and will comply with all applicable legislative requirements. The Fund's investments will be managed to ensure that there is sufficient liquidity to meet expected cash flow requirements.

Investment Strategy

In seeking to achieve these objectives, the Trustee will adopt a diversified asset allocation which will contain *defensive* assets to ensure stability and liquidity as well as *growth* assets which have the potential for higher returns over the longer period. *Defensive* assets include cash, bank bills and other securities which have a lower expected volatility of return but usually offer lower returns in the longer run. *Growth* assets such as Australian and International shares carry a higher level of investment risk over shorter periods with the possibility of higher returns over the longer term.

The Trustee will invest the assets of the fund in a number of carefully selected specialist fund managers. However, the Trustee does not specifically take into account labour standards or environmental, social and ethical considerations in the selection of fund managers. The international equity portfolio is fully hedged back to Australian Dollars but may be changed at a later time. The Trustee regularly reviews the performance of the fund managers.

Asset Allocation

The following tables show the types of investment assets held by the Fund at 30 June 2004.

Investment Portfolio	30 June 2004		30 June 2003		Type of Asset
	\$	%	\$	%	
NAB Corporate Cheque Account	277,750	5	1,158,502	21	Cash
NAB Business Investment Account	134,699	2	128,974	3	Cash
Colonial First State Premium Cash Enhanced Fund	0	0	4,180,142	76	Cash deposits, bank bills, & corporate securities
Perennial Cash Enhanced Trust	2,358,585	38	0	0	Cash deposits, bank bills, & corporate securities
Perennial Value Australian Shares	1,819,536	29	0	0	Australian Shares
Credit Suisse International Shares fully hedged	1,595,115	26	0	0	International Shares
Total	6,185,685	100.0	5,467,618	100.0	

There are no investments made in any associated enterprise. The Fund has not invested in any derivative (futures and options) products except to hedge against currency risk.

Investments are made in accordance with the following asset benchmark allocations:

Asset Class	Benchmark %
Australian Equities	30%
International Equities*	30%
Total Growth Assets	60%
Enhanced Cash & Cash at Bank	40%
Total Defensive Assets	40%

* International Shares are fully hedged against currency risk

Crediting Rate Policy (including Interim Rate)

At the end of each financial year, the Trustee will determine an interest rate which will be credited in arrears to members' account balances for the financial year ended 30 June. This rate may not be the same as the Fund's investment return and will be determined by the Trustee having regard to the actual investment return on the Fund's assets after tax and all expenses and any amount held in the reserves.

The effect of extreme fluctuations in returns will be cushioned by the use of reserves.

An interim crediting rate will be determined from time to time by the Trustee for the purpose of crediting to exiting members. This interim rate will be determined on the same basis as the final crediting rate.

Reserving Policy

In order to provide members with a 60% exposure to growth assets and therefore a greater capacity for higher longer term returns on investments, the Trustee will from time to time retain a reserve. The level of reserves will not exceed 5% of the Fund's assets. The level of reserves will be monitored regularly by the Trustee in the prudential management of the Fund and in accordance with the crediting rate policy outlined above.

The reserve consists of any surplus from administration fees deducted from members' accounts over operating costs together with any difference between investment earnings and the amount of interest credited to members' accounts.

Investment Returns, Crediting Rate and Level of Reserves

For the year ended 30 June 2004, ISPF has credited interest to member's accounts at the rate of 7 % p.a.

The table below shows the interest rate credited to members, compared with the earning rate, after tax and fees.

Financial Year Ended	Interest % Credited to Members	Fund Earning Rate %
30 June 2004	7.0	7.48
30 June 2003	2.0	3.9
Average*	4.47	5.67

*Average is the compound average of the net earning rates and crediting rates since inception.
Past performance is not necessarily an indication of future performance.

Level of Reserves

The level of reserves at 30 June were as follows:

Year Ended	\$,000	% of Member's funds
30 June 2004	127	2.00
30 June 2003	109	2.19

Fees and charges

Each type of fee that may be charged by ISPF is described in this section. They include fees that may be deducted from your account balance, from the returns on your investment or from the Fund as a whole. ISPF has prepared this section in a way that will help you compare us to other Funds. You should read all of the information about fees and charges, as it is important to understand their impact on your investment in ISPF.

Information relating to taxation is set out in the section titled "How much tax will you pay" on page 4.

The following table sets out the fees that may be deducted directly from your account balance.

Fee Description	Amount
Establishment fee: This is a fee charged by some superannuation funds to set up your account.	Nil
Contribution fee: This is a fee charged by some superannuation funds on the initial and every subsequent rollin to the Fund.	Nil
Account keeping fee: This fee covers the general administration of the Fund.	25 cents is deducted weekly and reported to you at each 30 June or when you exit the Fund. Account keeping fees in excess of the interest credited generally will not be deducted – for further details refer to Member Benefit Protection below.
Benefit payment fee: This is a fee charged by some superannuation funds for each withdrawal made from the Fund.	Nil
Family Law Fees: (on divorce or separation – not subject to member benefit protection). <i>Enquiry fee:</i> This fee is charged to process requests for information from your spouse (in Family Law Act form). <i>Splitting fee:</i> This is the fee charged for splitting an account under the Family Law Act legislation.	\$110 is payable by cheque by your spouse at the time of processing the request. \$100 is deducted from your account balance at the time of processing the split, and will generally be divided equally between you and your spouse.

Please note the following fees and expenses are deducted from the gross investment earnings of the Fund and are not deducted directly from your account.

Description	Amount
Investment manager fees: This is the fee charged by the investment manager for managing the Fund's investments. The investment manager fees can differ from year to year as some of the Fund's managers may be paid partly on a performance basis.	These fees are at wholesale rates and range between 0.28% and 0.96%. For the year ended 30 June 2004 the total fee was an average 0.65% of the value of funds under management. These fees were deducted from the investment earnings before the annual crediting rate is declared and are not subject to member benefit protection - see below.
Other Expenses: Where operating expenses are less than or greater than the account keeping fees deducted from members' accounts, after allowing for the costs of member benefit protection, the surplus or shortfall is included in the general reserve and is reflected in the interest rate credited to members.	For the year ended 30 June 2004 a shortfall of \$57,240 arose which represented 0.9% of members' funds

Under the governing rules of the Fund, fees and charges may be reviewed at any time. Members will be notified in writing at least 30 days in advance of any change to a fee charged by the Trustee (investment manager fees are not charged by the Trustee and may change at any time).

From time to time the Trustee will maintain an investment reserve to "smooth" crediting rates to members' accounts by supplementing during periods of low earnings. The reserve may be funded from a number of sources including the investment earnings on the Fund's assets. Please refer to page 6 for further details about the Fund's reserving policy and recent reserve levels.

Dollar fee example

The following example assumes an account balance of \$500. It is important to note that investment management fees and other expenses are deducted from ISPF investment earnings and are not deducted from individual member's accounts.

Investment management fees & other expenses		Account keeping fee		Total
\$7.75	+	\$13.00	=	\$20.75

This dollar fee example ignores interest credited to the member's account which is after tax on investment income, investment management fees and all other operating expenses. The member's account balance for the year ended 30 June 2004 after crediting 7% p.a. interest would be as follows:

Account Balance at start of year	Plus Interest	Less Account keeping fee		Account Balance at end of year
\$500.00	\$35.00	\$13.00	=	\$522.00

Member Benefit Protection

Member protection legislation prohibits trustees of superannuation funds from charging administration fees in excess of interest earned on member balances of less than \$1000. This protection does not apply to government taxation or indirect fees. Indirect fees (such as the management fees paid to the investment managers) are deducted before the interest crediting rate is determined. Unlike other superannuation funds, Eligible Rollover Funds must protect all members' account balances, even if they exceed \$1000. This means that the account balance of a member in ISPF must be protected from erosion by fees or charges, That is, fees or charges cannot exceed the amount of interest credited to a member's account in any reporting period. The only exception to this is for periods where the Fund's total investment earnings to be distributed to members are insufficient to cover the total administration costs to be debited to members' benefits. In this case, each protected member can be charged no more than an amount equal to their investment return plus \$10.00.

Member Statements

An annual statement will be mailed to all members, where the Fund has a current address, following the declaration of interest by the Trustee, each financial year end. The statement will show all transactions which have been applied to a member's account in the financial year including administration fees deducted and interest credited. If member benefit protection applies, the statement will show a refund of administration fees as "Member Benefit Protection Refund".

Insurance

There are no insurance benefits provided to members of ISPF. The amount payable on death or permanent incapacity of a member is the accumulated account balance.

Directors of Trustee Company

The following Directors were appointed during the year ended 30 June 2004:

John Lewis Crocker
Gerald Dominic Gallagher
Martin Frank Horan
Malcolm Park (appointed 15 June 2004)
Stephen John Taylor (resigned 15 June 2004)
John Neville Toms
Arthur James Weston

There were no penalties imposed on the Trustee under section 38A of the SIS Act.

Contact Details

The contact details of relevant parties are as follows:

Trustee

Mellon Nominees Limited
Level 12, Central Plaza One
345 Queen Street
BRISBANE QLD 4000
Telephone: 07 3246 7000

Manager

ISPF Pty Ltd
Level 1, 424 Upper Roma Street
BRISBANE QLD 4000
Telephone 07 3238 1200

Administrator

IFAA Pty Ltd
Level 1, 424 Upper Roma Street
BRISBANE QLD 4000
Telephone 07 3238 1296

Disclaimer

The Trustee, the Manager, the Administrator, or their Directors do not guarantee the performance of the Fund, or the repayment of capital, or any particular rate of return.

ISPF may be contacted at:

Telephone:	07 3238 1296
Facsimile:	07 3236 0555
Email:	ispf@ifaa.com.au
Post:	Independent Superannuation Preservation Fund PO Box 1047 MILTON QLD 4064

Abridged Financial Reports

The financial information shown below has been extracted from the Fund's audited accounts for the year ended 30 June 2004. Members are entitled to the following documents on written application to the Trustee: Full Financial Statements, The Auditor's Report, Trust Deed provisions relating to the member, Australian Prudential Regulation Authority Annual Returns.

STATEMENT OF FINANCIAL POSITION AS AT JUNE 2004

ASSETS	\$
Investments	5,907,935
Cash at Bank	277,750
RECEIVABLES	
Distributions Receivable	395,059
Other Receivables	33,425
TOTAL ASSETS	<u>6,614,169</u>
LIABILITIES	
Payables	562
Sundry Creditors	150,498
TOTAL LIABILITIES	<u>151,060</u>
NET ASSETS	<u>6,463,109</u>
Represented by :	
LIABILITY FOR	
ACCRUED BENEFITS	
Members' Funds	6,336,335
General Reserve	126,774
	<u>6,463,109</u>

OPERATING STATEMENT FOR YEAR ENDED 30 JUNE 2004

INVESTMENT - REVENUE	\$
Distributions Received	520,828
Changes in Net Market Value	(70,689)
Interest & Other Income	73,018
Investment Expense	(310)
	<u>522,847</u>
Transfers from other Funds	1,842,484
TOTAL INCOME	<u>2,365,331</u>
GENERAL EXPENSES	
Expenses – General Reserve	737,117
BENEFITS ACCRUED	<u>1,628,214</u>
BEFORE INCOME TAX	
Income Tax Expense /(Credit)	39,324
BENEFITS ACCRUED AFTER	<u>1,588,890</u>
INCOME TAX	