



ISPF ANNUAL REPORT FOR YEAR ENDING 30 JUNE 2006

This is the Annual Report for The ISPF Eligible Rollover Fund (“ISPF”), RSE Registration Number R1068887, ABN 55 807 574 608. It provides information about the Fund for year ending 30 June 2006. Please read this Report in conjunction with ISPF’s Product Disclosure Statement (“PDS”), which provides important information about the Fund’s main features, costs, benefits and investments. This Report, the PDS and the Member’s Annual Statement at 30 June 2006 together form ISPF’s annual reporting to members.

The information provided in this Report 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 an appropriately qualified financial adviser.

The Trustee (or its related entities), the Founder, or the Administrator do not guarantee the performance of the Fund, or the repayment of capital, or any particular rate of return. See the last page for details about the Trustee, Founder and Administrator.

Investment Performance for Year Ended 30 June 2006

The 2006 year was another excellent year for members of ISPF, with 14% credited to members’ accounts.

The table below shows the rate of earnings credited to members, compared with the actual investment earnings of the Fund, after the deduction of relevant taxes, fees and costs:

Financial Year Ended	Crediting Rate (%)	Fund Net Earning Rate (%)
30 June 2006	14.0	13.72
30 June 2005	11.0	12.25
30 June 2004	7.0	7.48
30 June 2003	2.0	3.9
Average*	8.41	9.27

* “Average” is the compound average of the net earning rates and crediting rates since inception. Past performance is not a reliable indicator of future performance.

Your benefits receive some protection from fees and costs

ISPF is an Eligible Rollover Fund (“ERF”). Under Government legislation, ERFs cannot charge administration fees to members’ accounts in excess of earnings credited to those accounts. This means that the account balances of all members in ISPF are protected from erosion by fees or charges except 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 such periods, each member can be charged no more than an amount equal to their investment return plus \$10.

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 crediting rate is determined.

Any surcharge liability payable to the Australian Taxation Office (“ATO”) will be deducted from the relevant member’s account balance and remitted to the ATO.

ISPF’s Investment Objectives

The Trustee of ISPF aims to achieve a rate of return which is competitive against a peer group of other Eligible Rollover Funds through investment in a diverse 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 relevant taxes, fees and costs, 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 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. 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.

The Trustee does not specifically take into account labour standards or environmental, social and ethical considerations in the selection, retention or redemption of investments associated with this Fund.

Asset Allocation

From 17 November 2005 the following asset benchmark allocations and ranges were adopted:

Asset Class	Benchmark %	Range %
Australian Equities	35%	30-40
International Equities*	35%	30-40
Total Growth Assets	70%	60-80
Enhanced Cash & Cash at Bank	30%	20-40
Total Defensive Assets	30%	20-40

*International Shares are fully hedged against currency risk

The following tables show the types of investment assets held by the Fund at 30 June 2005 and 30 June 2006.

Investment Portfolio	30 June 2006		30 June 2005		Type of Asset
	\$	%	\$	%	
NAB Corporate Cheque Account	741,102	7	175,256	2	Cash
Perennial Cash Enhanced Trust	1,699,705	17	2,701,387	34	Cash deposits, bank bills, & corporate securities
Perennial Value Australian Shares	3,318,059	34	2,602,750	34	Australian Shares
Credit Suisse International Shares fully hedged	3,264,992	33	2,374,441	30	International Shares
Maple-Brown Abbott Asian Investment Trust	906,686	9	0	0	International Shares
Total	9,930,544	100	7,853,834	100	

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.

Crediting Rate Policy (including Interim Rate)

Earnings are calculated on a daily basis, after taking into account deductions for relevant fees, costs and tax. At the end of each financial year, the Trustee will determine a crediting rate which will be credited in arrears to members' account balances at 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 relevant taxes, fees and costs and any amount held in the reserves.

The effect of extreme fluctuations in returns will be cushioned by the use of reserves. However the Trustee does not guarantee the crediting rate will always be positive and the value of your benefit may rise or fall.

An interim crediting rate will be determined from time to time by the Trustee for the purpose of crediting earnings to members who leave the Fund during the year (that is, prior to 30 June). This interim rate will be determined on the same basis as the final crediting rate.

Reserving Policy

In order to provide members with an 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 vested members' benefits. 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 earnings credited to members' accounts.

Level of Reserves

The level of reserves at 30 June was as follows:

Year Ended	\$,000	% of Vested Members' Benefits
30 June 2006	64	0.63
30 June 2005	321	4.27
30 June 2004	127	2.00
30 June 2003	109	2.19

Abridged Financial Reports

The financial information shown below has been extracted from the Fund's audited accounts for the year ended 30 June 2006. 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

	30 June 2006	30 June 2005
ASSETS	\$	\$
Investments	9,189,442	7,348,408
Other Assets	1,302,378	503,616
Total Assets	10,491,820	7,852,024
Less LIABILITIES		
PAYG Payable	15	685
Sundry Creditors	268,625	31,574
Total Liabilities	268,640	32,259
Net Assets Available to Pay Benefits	10,223,180	7,819,765
Represented by:		
Liability for Accrued Benefits		
Vested benefits allocated to members	10,159,334	7,499,237
Total Reserves	63,846	320,528
Net Assets Available to Pay Benefits	10,223,180	7,819,765

OPERATING STATEMENT

	30 June 2006	30 June 2005
REVENUE	\$	\$
Transfer from other Funds	2,494,536	1,460,402
Investment Revenue	1,325,982	935,470
Other Revenue	1,075	0
Total Revenue	3,821,593	2,395,872
EXPENSES		
Investment	475	1,230
General Administration	1,088,472	828,677
Superannuation Contributions Surcharge	62	(667)
Total Expenses	1,089,009	829,240
Benefits Accrued as a result of Operations before Income Tax	2,732,584	1,566,632
Income Tax Expense	(53,605)	(31,625)
Benefits Accrued as a Result of Operations	2,786,189	1,598,257

Trustee of ISPF

The Trustee of ISPF is Trust Company Superannuation Services Limited ABN: 49 006 421 638. The Trustee is a specialist trustee company that provides trustee services to numerous superannuation funds and has been granted a Registered Superannuation Entity Licence (No. L0000635) under the Superannuation Industry (Supervision) Act 1993 (SIS). The Trustee also holds an Australian Financial Services (AFS) Licence – AFS Licence No: 235153.

Indemnity Insurance

The Trustee has taken out professional indemnity insurance in respect of major legal claims made against it. The Trustee is not insured for dishonest, wilful or reckless acts.

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

At 30 June 2006, the following Directors were on the Board:

- Jonathan Westaby Sweeney (Chairman)
- Luigi Mario Rodriquez
- Nicholas Sette
- John Dinan
- Noel Davis (appointed 1 September 2005)

Assyat David resigned on 29 March 2006. Megan Elizabeth Bolton was appointed as a Director on 26 July 2006.

Contact Details

The contact details of relevant parties are as follows:

Trustee

Trust Company Superannuation Services Limited
151 Rathdowne Street
CARLTON VIC 3053
Telephone: 03 9665 0200

Administrator

IFAA Pty Ltd
AFSL Number: 238507
Level 1, 424 Upper Roma Street
BRISBANE QLD 4000
Telephone: 07 3238 1296

Founder

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

The Founder's role is to advise and make recommendations to the Trustee regarding the management of ISPF. The Trustee has ultimate responsibility for the management of ISPF.

ISPF may be contacted at:

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