

This discussion and analysis of the financial performance and operations of the QIC group for 2007-2008 should be read in conjunction with the financial report.

A challenging environment in 2007-2008 resulted in the QIC group delivering a reduced profit.

The developments that generated the greatest impact on the financial outcomes of the QIC group for the year were:

- Volatility and negative sentiment in investment markets through 2007-2008 had a significant negative impact on revenues.
- Investment performance outcomes in some specific sectors did not meet challenging active investment performance targets and so did not generate investment performance fee revenue.

- On the positive side, QIC gained a significant amount of new funds under management during the year and negotiated increases in management fee rates with a number of existing clients. However, this success only helped to offset the impacts of volatile investment markets, lower performance fee revenue and rising staff and other costs.
- The continued highly successful development of the QIC group's private capital investment capabilities, which generated a significant volume of new revenue for the group this year.
- Significant investment in QIC's employees is vital to the success of the group. Cost increases in this area during the year reflected the continued growth of QIC and an increasingly competitive market for investment management professionals, as well as increased provision for variable staff remuneration resulting from meeting or exceeding performance targets in specific investment sectors.
- QIC has also invested in the development of key systems and the development of its office tenancies.

Income statement

	2008 \$'000	2007 \$'000	Change %
Operating profit (loss) by segment			
Wholesale investment management and advisory services on listed asset sectors, including QIC group support services	(6,412)	9,242	(169.4)
Property management, leasing and development services	4,088	10,468	(60.9)
Wholesale investment management and advisory services on unlisted asset sectors	15,886	4,252	273.6
Inter-segment eliminations	(6,990)	(8,188)	(14.6)
QIC group operating profit before income tax expense	6,572	15,774	(58.3)
Income tax expense	(2,146)	(5,249)	(59.1)
Operating profit after income tax expense	4,426	10,525	(57.9)

In 2007-2008, the QIC group reported an operating profit after income tax expense of \$4.4 million, representing a 57.9% reduction in comparison to the prior year.

The QIC parent entity incurred an operating loss for the year. The parent entity houses wholesale investment management and advisory services on listed asset sectors, including QIC group support services. In this segment, increases in costs during the year were not matched by sufficient increases in client investment management revenue.

Revenue

Total revenue for the year was \$160.5 million, an increase of 17.7% over the prior year. Of the \$24.1 million increase, \$21.0 million relates to QIC's private capital investment activities, reflecting the significant and ongoing development of investment capabilities in the private equity, infrastructure and international real estate teams.

QIC's property management activities were stable this year, with revenue reducing by \$1.9 million. This reflected the completion of a number of significant shopping centre development projects and a consequent reduction in development fee revenue.

Revenue generated by QIC's listed funds management activities increased by \$5.0 million this year. The negative impact of challenging investment markets was more than offset by QIC gaining a significant amount of new funds under management during the year and re-negotiating management fee rates with a number of existing clients.

During the year, funds under management increased by 28.5% or \$18.4 billion. This increase was almost entirely due to new net client inflows of funds during the year, offset by a small reduction due to negative investment returns. Closing funds under management were \$82.9 billion.

Expenses

Total operating expenses were \$154.0 million, an increase of \$33.7 million or 28.0% in comparison to the prior year.

The majority of the increase related to investment in QIC's employees in the form of fixed and variable remuneration, staff development and recruitment. This reflected the continued growth of QIC and an increasingly competitive market for investment management professionals, as well as increased provision for variable staff remuneration resulting from meeting or exceeding performance targets in specific investment sectors.

Also impacting expenses during the year were costs associated with QIC's office tenancies. Consistent with the trend in the Brisbane office rental market, a significant increase in lease costs for the Group occurred during the year. QIC is also in the process of redeveloping the Central Plaza Two tenancy and establishing a tenancy in the newly built Central Plaza Three. This is a significant project and has impacted operating lease costs and depreciation and amortisation expense.

Professional services costs increased due to a number of strategic projects, including the development of enhanced investment risk management capability and the continued development and expansion of international private capital investing activities.

The cost of information and research services increased due to additional information needs that were required to support significant new client mandates achieved during the year.

QIC's investment in associates has reduced by \$1.0 million this year, representing QIC's share of an operating loss incurred by Q Invest Limited for the year.

Balance sheet

Net assets at 30 June 2008 were \$55.6 million, an increase of \$9.4 million in comparison to the prior year.

Assets

Total assets at year end were \$118.0 million, representing an increase of \$21.6 million. This movement includes:

- An increase of \$16.4 million in receivables, due to higher levels of management fees due at year end. This resulted from higher base management fee levels due to the increase in funds under management during the year and additional management fees generated by the renegotiation of management fee rates.

- A decrease of \$9.5 million in financial assets held at fair value through profit and loss (current and non-current), reflecting net cash outflows during the year and losses on working capital as a result of declining investment markets.
- An increase of \$4.3 million in deferred tax assets, due to higher levels of non-deductible employee benefits provided for, including annual and long service leave and variable remuneration.
- An increase of \$4.2 million in property, plant and equipment, largely due to the initial costs of refitting QIC's office tenancies.
- An increase of \$3.4 million in intangible assets due to significant investment in systems undertaken during the year, particularly finance, HR, trust management and client reporting systems.
- Minor increases in cash assets, current tax assets and equity accounted investments.

Liabilities

Total liabilities at year end were \$62.3 million, representing an increase of \$12.1 million. The movement includes:

- A \$10.2 million increase in payables, including an increase in employee benefits payable at year end of \$10.0 million, representing increased variable performance based remuneration. Dividends payable at year end reduced by \$5.0 million, reflecting the reduced operating profit after tax and a reduced dividend payout ratio. Accrued expenses increased by \$6.3 million, representing significant amounts outstanding at year end in relation to the project to fit out QIC's office tenancies.
- A \$2.6 million increase in current and non-current provisions, which largely reflects increases in employee leave entitlements outstanding at year end.
- Minor reductions in tax related items.

Statement of changes in equity

At year end, total equity was \$55.6 million, representing an increase of \$9.4 million. Share capital increased by \$7.2 million to \$37.5 million as a result of the reinvestment of the prior year dividend by shareholding Ministers.

A dividend of \$2.2 million has been declared for the year. This is \$5.0 million less than last year, reflecting the reduction of the dividend payout ratio from 80% to 50% and the group's lower after tax profit.

Statement of cash flows

Cash at year end was \$28.2 million, a reduction of \$6.7 million in comparison to the prior year. Net cash generated from operating activities during the year was \$6.1 million, a decrease of \$13.2 million. This was largely due to lower client management fee cash inflows (reflecting higher amounts receivable at year end) and higher cash outflows for supplier and employee payments (representing higher levels of expenditure).

Cash outflows from investing activities this year were \$12.8 million. This includes a \$6.2 million increase in cash outflows for the purchase of property, plant and equipment and intangible assets during the year. This represents significant investment in QIC's office tenancies and systems. Redemptions from longer-term investments were \$9.3 million lower this year, reflecting a higher proportion of funds maintained in short-term investments.

Income Statements

30 June 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue	4	160,495	136,353	88,712	82,442
Expenses	5	(153,972)	(120,254)	(95,124)	(73,200)
Shares of net profits (losses) of associates and joint venture partnerships accounted for using the equity method	33 & 34	49	(325)	–	–
Profit (loss) before income tax		6,572	15,774	(6,412)	9,242
Income tax expense	6	(2,146)	(5,249)	3,901	(756)
Profit (loss) from continuing operations		4,426	10,525	(2,511)	8,486
Profit (loss) attributable to members of Queensland Investment Corporation	23	4,426	10,525	(2,511)	8,486

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

Balance Sheets

30 June 2008

		Consolidated		Parent
	Notes	2008 \$'000	2007 \$'000	2007 \$'000
ASSETS				
Current assets				
Cash assets	7	1,934	1,371	469
Receivables	8	46,732	30,287	31,634
Financial assets at fair value through profit or loss	9	26,290	33,562	33,562
Current tax assets	10	1,135	–	–
Total current assets		76,091	65,220	65,665
Non-current assets				
Investments accounted for using the equity method	11	1,526	548	–
Financial assets at fair value through profit or loss	12	4,654	6,871	6,871
Property, plant and equipment	13	11,255	7,048	5,761
Deferred tax assets	14	15,568	11,249	5,834
Intangible assets	15	8,797	5,437	5,437
Other assets	16	1	1	549
Total non-current assets		41,801	31,154	24,452
Total assets		117,892	96,374	90,117
LIABILITIES				
Current liabilities				
Payables	17	48,451	38,287	41,687
Provisions	18	8,557	7,724	3,965
Current tax liabilities	19	–	905	905
Total current liabilities		57,008	46,916	46,557
Non-current liabilities				
Deferred tax liabilities	20	328	17	3
Provisions	21	4,993	3,265	2,025
Total non-current liabilities		5,321	3,282	2,028
Total liabilities		62,329	50,198	48,585
Net assets		55,563	46,176	41,532
EQUITY				
Contributed equity	22	37,475	30,300	30,300
Retained profits	23	18,088	15,876	11,232
Total equity		55,563	46,176	41,532

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

Statements of Changes in Equity

30 June 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total equity at the beginning of the financial year		46,176	42,830	41,532	40,225
Profit (loss) for the year		4,426	10,525	(2,511)	8,486
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	22(b)	7,175	–	7,175	–
Dividends provided for or paid	24	(2,214)	(7,179)	(2,214)	(7,179)
		4,961	(7,179)	4,961	(7,179)
Total equity at the end of the financial year		55,563	46,176	43,982	41,532

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

Cash Flow Statements

30 June 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2007 \$'000	
Cash flows from operating activities					
Receipts from customers		139,966	145,522	75,333	96,987
Payments to suppliers and employees		(126,808)	(117,934)	(78,453)	(69,491)
Distributions received		1,183	1,251	1,182	596
Fair value losses on cash and cash equivalents		(207)	(6)	(207)	(31)
Dividends received		–	–	8,188	4,660
Interest received		190	157	178	76
Income taxes paid		(8,191)	(9,657)	(8,191)	(9,657)
Compensation received from tax consolidated group entities		–	–	8,986	5,048
Net cash inflow from operating activities	37	6,133	19,333	7,016	28,188
Cash flows from investing activities					
Payments for property, plant and equipment		(7,516)	(4,382)	(7,657)	(3,079)
Payments for intangibles		(6,075)	(2,999)	(6,075)	(2,999)
Proceeds from investments in joint venture partnerships		66	126	66	126
Payments for financial assets at fair value through profit or loss		(5,500)	(5,500)	(5,500)	(5,500)
Proceeds from sale of financial assets at fair value through profit or loss		7,175	16,500	7,175	16,500
Proceeds from sale of property, plant and equipment		3	14	3	14
Payments for investments in associates		(995)	–	(995)	–
Net cash inflow (outflow) from investing activities		(12,842)	3,759	(12,983)	5,062
Cash flows from financing activities					
Dividends paid to shareholders		(7,175)	(10,325)	(7,175)	(10,325)
Proceeds from equity contributions		7,175	–	7,175	–
Net cash outflow from financing activities		–	(10,325)	–	(10,325)
Net increase (decrease) in cash and cash equivalents					
		(6,709)	12,767	(5,967)	22,925
Cash and cash equivalents at the beginning of the financial year		34,933	22,166	34,031	11,106
Cash and cash equivalents at the end of the financial year	7 & 9	28,224	34,933	28,064	34,031

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

I. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Queensland Investment Corporation as an individual entity and the consolidated entity consisting of Queensland Investment Corporation and its subsidiaries.

(a) Basis of preparation

Queensland Investment Corporation is subject to the *Queensland Investment Corporation Act 1991* and the *Government Owned Corporations Act 1993*.

This general purpose financial report has been prepared in accordance with the requirements of the *Financial Management Standard 1997* issued pursuant to the *Financial Administration and Audit Act 1977*, Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRSs ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards (IFRSs).

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for financial assets valued at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Queensland Investment Corporation ("parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Queensland Investment Corporation and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

There are no minority interests in the results and equity of subsidiaries.

I. Summary of significant accounting policies (continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements at fair value and in the consolidated financial statements using the equity method of accounting (refer to note 33).

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(iii) Joint ventures

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statements, and the share of movements in reserves is recognised in reserves in the balance sheets. Details relating to the partnership are set out in note 34.

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and
- resulting exchange differences are not material.

(e) Revenue recognition

Management fees are recognised on an accruals basis at agreed rates, net of the amounts of goods and services tax payable. All other revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates, returns, trade allowances and duties and taxes paid.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of the GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheets.

Cash flows are included in the cash flow statements on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Income tax

Income tax equivalents

As a State trading body under the *Income Tax Assessment Act 1997*, the Group is exempt from Commonwealth income tax. However, pursuant to the *Government Owned Corporations Act 1993* and the National Tax Equivalents Regime, the Group is required to make payments to the State Treasurer; equivalent to the amount of any Commonwealth income tax for which an exemption is received.

The income tax equivalent expense or revenue (referred to as income tax) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Under *AIFRS, AASB 112 Income Taxes* uses a 'Balance Sheet approach' of calculating income tax balances. The Balance Sheet approach recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base. The differences are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

Deferred tax liabilities and assets are not recognised for differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the differences and it is probable that the differences will not reverse in the foreseeable future.

Tax consolidation legislation

Queensland Investment Corporation and its wholly owned Australian controlled entities implemented the tax consolidation legislation with effect from 1 July 2004.

The Urgent Issues Group has released guidance regarding the recognition of tax amounts under the tax consolidation regime in the AIFRS framework. *UIG 1052 Tax Consolidation Accounting* requires wholly owned controlled entities in the tax consolidated group to recognise their own tax balance directly, with the current tax liability or asset to be assumed by the parent entity via an intercompany loan, equity contribution or distribution, depending on tax funding arrangements. Historically, the ultimate parent entity recognised all tax balances and charged each controlled entity an allocation of the current tax liability, based upon the controlled entity's contribution to Group profit.

The parent entity, Queensland Investment Corporation, and the controlled entities in the tax consolidation group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Queensland Investment Corporation also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidation group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 6.

Stamp duty

Under the provisions of the *Queensland Investment Corporation Act 1991*, the Group is exempted from Queensland stamp duty, but must make payments to the State Treasurer, equivalent to the amount of any stamp duty for which an exemption is received.

(h) Leases

The Corporation has not entered into any finance leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 30). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(i) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the rates attaching to the Commonwealth Government securities at balance date.

Items of property, plant and equipment with a cost, or other value, in excess of \$1,000 (2007: \$1,000) are capitalised in the year of acquisition.

Internal and external costs directly incurred in the purchase or development of computer applications, including subsequent upgrades and enhancements, are capitalised where the costs exceed \$100,000 (2007: \$100,000). Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation are not capitalised.

Expenditure, including that on internally generated assets, is only recognised as an asset when the Group controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably.

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) Cash assets

For cash flow statement presentation purposes, cash assets includes cash on hand and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement in no more than 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. There were no doubtful amounts at 30 June 2008 (2007: \$nil).

I. Summary of significant accounting policies (continued)

(m) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category includes those assets designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Investment funds are held in the QIC Cash Fund. The QIC Cash Fund invests in short term cash securities, which it records on a fair value basis, which is market value. The average rate of return on the investment in the QIC Cash Fund was 6.07% (2007: 6.31%).

Investment funds are also held in the QIC Growth Fund. The QIC Growth Fund invests in Australian cash, equities, fixed interest and property and international fixed interest and equities. The average rate of return on the investment in the QIC Growth Fund was -6.91% (2007: 15.43%). Investments held by the QIC Growth Fund are recorded on a fair value basis, which is market value.

(ii) Receivables

Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(n) Property, plant and equipment

All items of property, plant and equipment have limited useful lives and are depreciated using either the straight line method or diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed. Depreciation rates and methods are reviewed periodically for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The estimated useful lives used to calculate the depreciation rate for each class of asset are as follows:

Computer equipment	3 – 4 years (2007: 3 years)
Office equipment, furniture and fittings	3 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statements. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

The effective life of a number of furniture and fitout assets has been adjusted to reflect the current refit of the Group's tenancy in Central Plaza Two. The financial impact of this change in respect of the 2007 2008 financial year is an increase in depreciation expense of approximately \$1.1 million.

(o) Intangible assets

Computer software

When computer software assets are not integrally related to associated hardware, the Group recognises them as an intangible asset where the costs are clearly identifiable, can be reliably measured and it is probable they will lead to future economic benefits that the Group controls.

The Group carries software assets at cost less amortisation and impairment losses, if any.

These assets are amortised on a straight line basis over their estimated useful lives, which are between 3 and 5 years. Software maintenance costs continue to be expensed as incurred.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Remuneration includes a mix of fixed remuneration and payments for performance, attraction and retention. The majority of these payments are dependent on the satisfaction of performance conditions and are defined as 'at-risk'. The maximum at-risk amount payable varies with individual roles to the extent that each role impacts on investment and corporate performance. A liability for payments for performance, attraction and retention, measured at the amount expected to be paid when settled, is included in employee benefits payable and is expected to be settled within 12 months.

No provision for sick leave benefits has been made as benefits do not vest with employees.

(ii) Long service leave

Long service leave benefits have been measured at the present value of the estimated future cash outflows resulting from services rendered by employees at balance date. Provisions for

employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to Commonwealth Government securities at balance date, which most closely match the terms of maturity of the related liability. In determining the provision, consideration has been given to future increases in salary rates and prior experience with staff departures. Related on-costs have also been included.

(iii) Superannuation

The Corporation contributes to superannuation funds for the purpose of providing benefits for employees and their dependants on retirement, disability or death. Contributions are charged as expenses when incurred.

In relation to contributions to the QSuper defined benefit plan, employer contributions for superannuation are as determined by the State Actuary. No liability is shown for superannuation benefits in the balance sheets, as the liability is held on a Whole of Government basis and reported in the Whole of Government financial statements prepared in accordance with *AAS31 Financial Reporting by Governments*.

(r) Provisions

Provisions are recognised when: the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value are the rates attaching to Commonwealth Government securities at balance date.

(s) Contributed equity

Ordinary shares are classified as equity.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at balance date.

The dividend declared by the parent entity represents 50% (2007: 80%) of consolidated operating profit after tax. This reflects the requirements of the *Government Owned Corporations Act 1993* and Queensland Treasury policies, which state that the annual dividend declared by a government owned corporation must be calculated on a Group basis.

(u) Rounding of amounts and comparatives

Amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar. When necessary, comparative amounts for the previous period have been adjusted to facilitate valid comparison.

(v) New accounting standards and interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009 for listed or public debt raising entities. Accordingly, segment reporting will not be required by QIC under the new standards unless QIC receives an alternate directive from shareholders. The new standards are not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 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 an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(iii) Improvements to IFRSs

In May 2008, the IASB issued a number of improvements to existing International Financial Reporting Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations and Discontinued Operations* regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. The AASB is expected to make the same changes to Australian Accounting Standards shortly.

The group does not expect that any adjustments will be necessary as the result of applying the revised rules.

2. Segment information

(a) Description of segments

Business segments

The Group comprises the following main business segments, based on the Group's management reporting system:

Funds management – listed

Wholesale investment management and advisory services relating to listed asset sectors and Group support services

Property services

Property management, leasing and development services

Funds management – unlisted

Wholesale investment management and advisory services relating to unlisted asset sectors, including real estate, infrastructure, biotechnology and private equity

Geographical segments

Geographical segments are based on the location of the Group's assets. With the exception of non material assets located in the United States of America and the United Kingdom, the Group operates in one geographical location only, being Australia.

2. Segment information (continued)

(b) Primary reporting format – business segments

2008	Funds management – listed \$'000	Property services \$'000	Funds management – unlisted \$'000	Total continuing operations \$'000	Inter-segment eliminations \$'000	Consolidated \$'000
Segment revenue						
Revenue	75,082	38,258	47,106	160,446	–	160,446
Inter-segment revenue (note (ii))	13,581	992	13,866	28,439	(28,439)	–
Shares of net profits (losses) of associates and joint venture partnerships (note (iii))	49	–	–	49	–	49
Total segment revenue	88,712	39,250	60,972	188,934	(28,439)	160,495
Segment result	(6,412)	4,088	15,886	13,562	(6,990)	6,572
Income tax expense				–	–	(2,146)
Net profit for the year				13,562	(6,990)	4,426
Segment assets and liabilities						
Segment assets	109,933	18,988	38,916	167,837	(49,945)	117,892
Segment liabilities	65,951	13,511	32,812	112,274	(49,945)	62,329
Other segment information						
Investments in associates and joint venture partnerships (note (iii))	1,526	–	–	1,526	–	1,526
Acquisitions of property, plant and equipment, intangibles and other non current segment assets	13,762	–	(141)	13,621	–	13,621
Depreciation and amortisation expense	5,917	1	124	6,042	–	6,042
Cash flow information						
Net cash inflow (outflow) from operating activities	7,016	5,686	1,619	14,321	(8,188)	6,133
Net cash inflow (outflow) from investing activities	(12,983)	–	141	(12,842)	–	(12,842)
Net cash inflow (outflow) from financing activities	–	(5,817)	(2,371)	(8,188)	8,188	–

	Funds management – listed \$'000	Property services \$'000	Funds management – unlisted \$'000	Total continuing operations \$'000	Inter-segment eliminations \$'000	Consolidated \$'000
2007						
Segment revenue						
Revenue	70,379	40,125	26,174	136,678	–	136,678
Inter-segment revenue (note (ii))	12,388	–	10,839	23,227	(23,227)	–
Shares of net profits (losses) of associates and joint venture partnerships (note (iii))	(325)	–	–	(325)	–	(325)
Total segment revenue	82,442	40,125	37,013	159,580	(23,227)	136,353
Segment result	9,242	10,468	4,252	23,962	(8,188)	15,774
Income tax expense				–	–	(5,249)
Net profit for the year				23,962	(8,188)	10,525
Segment assets and liabilities						
Segment assets	90,117	22,039	20,590	132,746	(36,372)	96,374
Segment liabilities	48,585	17,976	20,009	86,570	(36,372)	50,198
Other segment information						
Investments in associates and joint venture partnerships (note (iii))	548	–	–	548	–	548
Acquisitions of property, plant and equipment and intangibles	6,067	–	1,298	7,365	–	7,365
Depreciation and amortisation expense	4,617	2	18	4,637	–	4,637
Cash flow information						
Net cash inflow (outflow) from operating activities	28,188	(6,124)	1,929	23,993	(4,660)	19,333
Net cash inflow (outflow) from investing activities	5,062	–	(1,303)	3,759	–	3,759
Net cash inflow (outflow) from financing activities	(10,325)	(4,660)	–	(14,985)	4,660	(10,325)

(c) Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and Accounting Standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions. Segment assets and liabilities include income tax equivalents.

(ii) Inter segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an 'arm's-length' basis and are eliminated on consolidation.

(iii) Equity accounted investments

The Group owns 50% of Q Invest Limited, a financial planning services company, located in Australia, which is accounted for using the equity method and is allocated to the funds management listed segment.

The Group has a 50% interest in the Innovis Investment Partners Australia Limited Partnership, located in Australia, which is accounted for using the equity method and is allocated to the funds management listed segment.

The Group has a 50% interest in the Innovis Investment Partners LLC, located in the United States of America, which is accounted for using the equity method and is allocated to the funds management listed segment.

3. Correction of error

Due to a tax effect accounting mis-statement, income tax expense and the provision for income tax for the year ended 30 June 2007 were overstated by \$1,557,178 for both the parent entity and the Group.

For both the parent entity and the Group, this error had the effect of understating profit after tax, retained earnings, net assets and total equity by \$1,557,178 and overstating current liabilities by the same amount.

The error has been corrected by restating each of the affected financial statement line items for the prior period.

4. Revenue

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Management and other fees	158,190	133,274	78,600	71,837
Dividends	–	–	6,973	8,188
Distribution income	2,045	2,112	2,045	1,457
Interest	188	161	184	76
Fair value gains (losses) on financial assets at fair value through profit or loss	(1,611)	230	(1,611)	205
Other	1,683	576	2,521	679
	160,495	136,353	88,712	82,442

5. Expenses

Expenses, included in the income statements classified by nature

Employee benefits expense (note 1(q))	107,982	84,240	58,328	45,016
Professional services	9,083	6,398	8,493	6,052
Operating lease costs (note 1(h))	7,536	4,328	5,041	2,828
Depreciation and amortisation (note 13 & 15)	6,042	4,637	5,917	4,617
Travel	5,145	4,596	2,005	1,653
Staff development and recruitment	3,548	3,337	2,551	2,286
Computer operating costs	3,265	2,950	3,198	2,905
Information and research services	3,212	2,127	3,145	2,069
Communication expenses	1,204	1,093	835	782
Insurance	999	975	706	698
Write down of investment in associate	–	–	958	469
Auditors' remuneration (note 28)	167	218	65	84
Net loss on disposal of property, plant and equipment	10	27	10	27
Other expenses	5,779	5,328	3,872	3,714
	153,972	120,254	95,124	73,200

6. Income tax expense

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(a) Income tax expense				
Current tax	6,156	8,607	4,209	5,406
Deferred tax	(4,007)	(3,358)	(2,128)	(169)
Compensation received from tax consolidated group entities	–	–	(5,962)	(4,481)
Current tax prior periods	(3)	–	(20)	–
	2,146	5,249	(3,901)	756
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit (loss) from continuing operations before income tax expense	6,572	15,774	(6,412)	9,242
Tax expense at the Australian tax rate of 30% (2007: 30%)	1,972	4,732	(1,924)	2,773
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:				
Non-deductible (non-assessable) sundry items	26	3	2	(9)
Assessable (non-assessable) capital gains	(87)	4	(87)	4
Entertainment	98	79	79	78
Share of net losses of associates	287	141	–	–
Write down of investments in associates to recoverable amount	–	–	287	141
Tax offset for franked dividends and foreign income	(27)	(14)	(27)	(14)
Superannuation	–	304	–	234
	2,269	5,249	(1,670)	3,207
Capital losses	(119)	–	(119)	–
Difference in overseas tax rates	(1)	–	–	–
Non assessable dividend income upon consolidation	–	–	(2,092)	(2,451)
Current tax of prior periods	(3)	–	(20)	–
	(123)	–	(2,231)	(2,451)
Income tax expense	2,146	5,249	(3,901)	756
Profit before income tax expense – tax consolidated group (excluding parent entity)			12,851	6,532
Income tax calculated @ 30% (2007: 30%)			3,855	1,960
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:				
Superannuation			–	70
Entertainment			18	1
Current tax of prior periods			18	–
Non-deductible (non-assessable) sundry items			2	5
Income tax expense adjusted for permanent differences			3,893	2,036
Compensation received from tax consolidated group entities	–	–	(3,893)	(2,036)
Total income tax expense	2,146	5,249	(3,901)	756

6. Income tax expense (continued)

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(c) Unrecognised temporary differences				
Temporary differences relating to investments in associates for which deferred tax assets have not been recognised				
Share of net losses of associates	287	141	–	–
Write down of investments in associates to recoverable amount	–	–	287	141
	287	141	287	141

A deferred tax asset has not been recognised in respect of temporary differences of \$287,443 (2007: \$140,660) arising as a result of the write down of the Group's investment in an associate. The deferred tax asset will only arise in the event of disposal of the associate, and no such disposal is expected in the foreseeable future.

(d) Tax consolidation legislation

Queensland Investment Corporation and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2004. The accounting policy in relation to this legislation is set out in note 1(g).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, limits the joint and several liability of the wholly owned entities in the case of a default by the parent entity, Queensland Investment Corporation.

The Group has also entered into a tax funding agreement under which the wholly owned entities fully compensate the parent entity for any current tax payable assumed and are compensated by the parent entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the parent entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon payment by the parent entity of those liabilities, and subject to the parent entity providing to the wholly owned entities satisfactory evidence of that payment, the wholly owned entities shall promptly pay to the parent entity that contribution amount and the parent entity shall promptly pay to the relevant wholly owned entities, amounts receivable by them under the funding arrangement (see note 31(e)).

7. Current assets – Cash assets

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	1,934	1,371	1,774	469

(a) Fair value

The carrying amount for cash and cash equivalents equals the fair value. The weighted average interest rate for cash was 5.91% (2007: 4.99%).

8. Current assets – Receivables

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Net trade receivables				
Management and other fees receivable	44,994	28,293	31,178	15,664
Net related party receivables				
Receivable from controlled entities	–	–	4,034	1,494
Dividends due from controlled entities	–	–	6,973	8,188
	–	–	11,007	9,682
Prepayments				
Prepayments	1,738	1,994	1,646	1,780
Tax sharing arrangement				
Tax related amounts receivable from controlled entities	–	–	3,662	4,508
	46,732	30,287	47,493	31,634

These are non-interest bearing.

9. Current assets – Financial assets at fair value through profit or loss

At beginning of year	33,562	20,672	33,562	10,447
Revaluation (realised and unrealised)	(207)	(6)	(207)	(31)
Distributions reinvested	1,182	1,251	1,182	596
Additions (subscriptions)	87,086	119,376	87,086	82,936
Disposals (redemptions)	(95,333)	(107,731)	(95,333)	(60,386)
At end of year	26,290	33,562	26,290	33,562
Investment in QIC Cash Fund	26,290	33,562	26,290	33,562

Changes in fair values of financial assets at fair value through profit or loss are recorded in the income statements (note 4).

10. Current assets – Current tax assets

Income tax receivable	1,135	–	1,189	–
	1,135	–	1,189	–

Glossary

Term	Definition
Actuary	A person who applies statistical and financial analyses to a range of business problems. Actuaries are experienced in analysing financial transactions and assessing risks. They operate mainly in the superannuation, investment and insurance industries. Actuaries also offer advice to trustees on investment, financial projections and benefit design.
Alpha	The rate of return (ROR) earned by a security or a portfolio in excess of or below the ROR of the benchmark for that security or portfolio. A positive alpha means the investment outperformed the benchmark ROR. A negative alpha would indicate that the investment underperformed the benchmark ROR.
Benchmark	A standard used for comparison. These are market indicators, such as the S&P/ASX 200 Accumulation Index that measures the price movement of selected companies listed on the Australian Stock Exchange. For those interested in monitoring investment performance, benchmarks are used as a measure for comparing a portfolio's return against a similar portfolio of securities.
Absolute return	The 'absolute return' is the 'actual return'. It is the rate of return on money invested, usually expressed as a percentage.
Active management	An approach to managing investments, which aims to achieve returns above a set benchmark. Decisions about asset allocation and stock selection within the portfolio are reviewed regularly taking into account market conditions.
Active return	The difference between the return achieved by the investment manager, and the return achieved by the market movements of the assets included in the fund's benchmark.
Asset allocation	The distribution of investments by an investment manager among various asset classes or sectors (the major asset classes are shares, property, fixed interest and cash). Asset allocation may be referred to as 'strategic' or 'neutral' (where the asset mix is appropriate to the long-term liabilities of the fund) or 'tactical' (where the asset allocation reflects the manager's view of likely short-term market movements).
Beta	Beta: A measure of how the return of a security or portfolio fluctuates with the market. The market has a beta of 1, therefore you would expect the returns of a security (or portfolio) with a beta of 1.2 to be around 20% more volatile than the market. That is, if the market rises by 1%, the security may rise by 1.2%. Conversely, if the market fell by 1%, a security with a beta of 1.2 may fall by 1.2%. Similarly, you would expect the returns of a security (or portfolio) with a beta of 0.5 to be half as volatile as the market.
Bond	A fixed term security usually issued by government or semi-government authorities that pays a fixed rate of interest during its life and repays the principal at maturity.
Custodian e.g. National Custodian Services	A separate entity that holds assets on behalf of trustees. The custodian has the title to the fund assets, but the power of investment management remains with the trustees. A custodian provides administrative efficiency.
Derivatives	These are financial instruments such as futures and options, whose value is "derived" from underlying physical assets. Funds use derivative instruments: <ul style="list-style-type: none"> • To offset the risk of price variations of securities • As an alternative to purchasing/selling the physical security • To benefit from any opportunities for profit which may exist in the market from time to time • To manage currency risk and asset allocation.
Diversification	Investing in a variety of assets or through a number of managers in order to spread the risk. In popular terms, 'not having all your eggs in one basket'.
Equities	Also referred to as shares. Investments in Australian and/or international companies that represent an ownership stake, or share, of a particular company. Generally, these securities are listed on stock exchanges for those who buy and sell equities. Equities are often more volatile in their returns than fixed interest and cash investments, but also tend to experience higher returns in the long term.
Financial instruments	Represent a claim on a real asset.

Glossary (continued)

Term	Definition
Fixed interest	One of the four major asset classes, fixed interest securities include bonds, bank bills, floating rate notes and negotiable certificates of deposit. Interest rates on these securities may be floating but are usually fixed. The holder is paid a fixed value on a fixed future date. Predetermined interest payments may also be made throughout the life of the security. There are three primary types of fixed interest securities, classified according to the type of borrower: government, semi-government or corporate.
Fund	A trust individually constituted under, or governed by, the Trust Deed.
Fundamentals	The basic indicators of the state of the economy, market or of an individual company. They are monitored to provide a basis for forecasting and selecting investments.
Fund manager	Invests and manages the assets of others.
Global credit	These investments are essentially corporate bonds issued by predominantly foreign companies in markets other than Australia. An investment in global credit accesses a much broader range of issuers than is available solely within the Australian market.
Hedging	An investment made in order to reduce the risk of adverse price movements in a security, by taking an offsetting position in a related security, such as an option or futures contract.
Implemented management	Managing investments by allocating them to selected managers who are experts in particular markets. Implemented management involves careful selection and monitoring of the managers to ensure funds meet their investment objectives.
Investment horizon	The period of time over which money is to be invested (e.g. 6 months, 1 year, 10 years).
Long short	A portfolio construction model that can hold a negative (short) position in a stock as well as overweight/underweight position.
Manager styles	Investment managers approach the way they select investments in different ways. These are called 'manager styles'. Different styles perform differently in different market conditions so it evens out risk to include a variety of styles in a portfolio. Some of the main styles are: <ul style="list-style-type: none"> • Value • Growth • Neutral
Occupancy rate	The rate at any point in time that available floor space (eg. retail or office) is occupied by a tenant.
Outperformance	Financial jargon for a fund performance above the benchmark or above the targeted return. Its opposite is under performance.
Overweight	A greater proportion than the benchmark includes. Its opposite is 'underweight', a lesser proportion than the benchmark includes.
Performance attribution	A process that allocates the elements of performance which make up the total return and the active component of the return. At an overall fund level, the attribution process can be broken into three distinct components: <ul style="list-style-type: none"> • Contributions to, or deductions from, performance arising from TAA decisions: A positive contribution to performance will be created by investing a greater value in an outperforming asset class or conversely, a lesser amount in an under performing asset class • Contributions to, or deductions from, performance arising from stock selection decisions • Contributions to, or deductions from, performance arising from interaction, which jointly measures the effect of TAA and stock selection decisions.
Portfolio	Combined holding of more than one stock, bond, commodity, cash equivalent, or other asset by an individual or institutional investor. Refers to the mix of assets held for a single product/client.
SAA	Strategic asset allocation. The division of assets within an investment portfolio with regards to the long-term view of the risk and return profile of those asset classes, and how to best achieve the portfolio's long-term objectives. Often abbreviated as SAA. See also Asset Allocation, TAA.
SCI	Statement of Corporate Intent. An annual performance agreement between QIC and our shareholding Ministers.
Stocks	Individual securities within a portfolio.

Glossary (continued)

Term	Definition
TAA	Tactical asset allocation, abbreviated as TAA. Alters investments across asset classes to take advantage of short-term changes in perceived market value. With the use of TAA, QIC can increase exposure (go overweight) to assets that are expected to perform relatively well, and away from those (go underweight) expected to perform relatively poorly. See also SAA.
Underweight	See 'Overweight'.
Unit pricing	A daily process of assigning a value to the units within a managed fund. The value of a unit reflects the value of the underlying assets in the fund.
Wholesale market	The larger of the two investment markets. The retail market (for individual investors) is the other. The wholesale market involves large investments by institutions such as companies and superannuation funds.

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Important information

QIC Limited ACN 130 539 123 is registered under the Corporations Act 2001 ("Corporations Act") as a public company limited by shares. As a company government owned corporation not all provisions of the Corporations Act apply to QIC. Being incorporated under the Corporations Act would ordinarily require a funds manager such as QIC to obtain an Australian financial services ("AFS") licence, QIC is currently not required to formally apply for an AFS licence. QIC therefore does not hold an AFS licence and the financial product disclosure provisions in the Corporations Act do not apply to QIC. Please note however that some wholly owned subsidiaries of QIC have been issued with an AFS licence and are required to comply with the Corporations Act. QIC and its subsidiaries and associated entities, and their directors, employees and representatives ("the QIC Parties") do not warrant the accuracy or completeness of the non-financial information contained in this document ("the Information"). To the extent permitted by law, the QIC Parties disclaim all responsibility and liability for any loss or damage of any nature whatsoever which may be suffered by any person directly or indirectly through relying on the Information, whether that loss or damage is caused by any fault or negligence of the QIC Parties or otherwise. The Information is not intended to constitute advice and persons should seek professional advice before relying on the Information.

