

Highlights

QIC's focus on long-term investment performance and risk management meant we managed the global financial crisis (GFC) better than most, as demonstrated by the performance of the QIC Growth Fund, which has delivered first quartile performance over 1, 3, 5 and 7 years in the Mercer Employer Super Balanced Growth Survey (60-80) (Modified Universe).

QIC's environment changed significantly as a result of the GFC. This, together with changing client needs, led us to revise our corporate strategy as follows:

- Provide market-leading products and services for our clients
- Develop a diversified suite of best-in-class investment capabilities under QIC's House of Boutiques
- Further develop our Capital Markets and Strategy capabilities as distinct capabilities for the market.

Under the QIC House of Boutiques model, each investment boutique is accountable not only for its investment performance but also for its own business performance. This delivers a clear alignment with client objectives and provides each boutique with greater flexibility to take advantage of investment opportunities as they arise.

This report has been prepared based on information readily available as at 31 December 2009, and has been prepared for general information purposes. Representations made in this report may be subject to change and should not be relied upon.

** The financial information provided in this document is unaudited. For audited information and more detailed financial statements, please see the Annual Report.*

^ Individual functions > \$5,000 only.

Financial Results*

Six months to 31 December	2009	2008
EBIT (\$m)	26	6
NPAT (\$m)	18	4
Return on Equity (%)	22	7
Return on Assets (%)	9	2

The improved results are primarily due to higher investment management and performance fee revenue.

The increased revenue has resulted primarily from renegotiation of management fees with QIC clients, as well as higher investment performance fee revenue derived through improved investment returns against client targets.

Capital Program

QIC's refit of its office tenancies was completed at the end of November 2009. The program was delivered according to schedule and scope and \$3.5 million below budget.

QIC's most significant software development program, Omega, is currently in the testing phase, and the schedule and scope of the program remain on track. The program is scheduled for completion by July 2010.

Non-Financial Results

Six months to 31 December	2009	2008
QIC Growth Fund - 5 year return against objective*	Objective: 7.01% Fund Return: 7.34%	Objective: 7.22% Fund Return: 6.52%
Work-related injuries and illnesses	9	6
Percentage of clients that rate QIC's investment advice as above average#	80%	N/A
Number of current projects operating within approved budgets^	N/A**	100%

* The objective of the QIC Growth Fund is to achieve performance in excess of CPI+4% over a 5 year period.

Source: Peter Lee Associates 2009 Investment Management Survey for institutional funds.

** Given the focus on QIC's transformation change program, no new significant projects were commenced or completed during the period.

^ Based on projects >\$100k.

Corporate Entertainment and Hospitality^

Event	Date	Cost
Client function: State of Origin	15/07/09	\$9,950
Client Golf Day	07/08/09	\$26,409
Staff family day	09/08/09	\$23,080
Client function: Tri-Nations Rugby	05/09/09	\$9,000
Staff Christmas functions	21/11/09	\$38,155
Annual Board and Senior Executive dinner	27/11/09	\$8,090