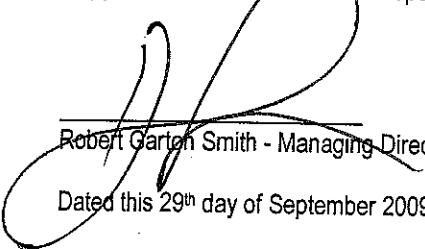


**PRIMARY SECURITIES LTD
AND ITS CONTROLLED ENTITIES**
ABN 96 089 812 635
Holder of Australian Financial Licence No 224107

FINANCIAL REPORT

For the year ended 30 June 2009

This is Annexure A of 23 pages
referred to in Form 388:
Copy of financial statements and reports



Robert Garton Smith - Managing Director

Dated this 29th day of September 2009

CONTENTS

	Page
Directors' Report	1
Independent Audit Report	5
Directors' Declaration	7
Income Statement	8
Balance Sheet	9
Statements of Changes in Equity	10
Cash Flow Statement	11
Notes to the Financial Statements	12
Auditor's Independence Declaration	28

PRIMARY SECURITIES LTD DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Company for the financial year ended 30 June 2009.

Directors

The names of persons holding the position of Director of the Company and their qualifications, during the financial year and up to the date of this report, are:-

Anne Thoume, B.Tec - MBA

Anne Thoume is the Chair of Primary Securities Ltd. She has extensive experience in the commerce, banking and trustee industries. Beginning as a trust officer, and moving into management of Unit Trusts, she has acted as both Manager - Trust and Corporate and Company Secretary of a major international bank. Anne has also worked as a senior executive with Perpetual Trustees (WA) Limited and as General Manager of a Singaporean Trust company. As a former Director of Professional Funds Management Pty Ltd, Anne was responsible for the day to day operations and administration of that company's trustee and corporate service division. Anne is also the Chair of Primary Compass Ltd and Australian Growth Managers Limited, two other responsible entities within the Primary Group

Directors' meetings attended: 8 of 8

Robert Garton Smith, LLB, B.Com, GDipFinPlanning (Sec Inst); F Fin

Robert Garton Smith is the Managing Director of Primary Securities Ltd and has been its key person in relation to managed investments since incorporation. He has degrees in law, commerce and financial planning and is a legal practitioner as well as being a Fellow of the Financial Services Institute of Australia. He is a member of the Law Society of Western Australia, and the Australian Compliance Institute.

He has worked in the area of managed investments since preparing Australia's first feature film prospectus in 1981. He has prepared and overseen dozens of managed investment schemes relating to film, forestry, viticulture, horticulture, manufacturing, equities and real estate, but also prepared share, debenture stock and unsecured notes issues. Robert Garton Smith has practised law since 1970 and is admitted as a practitioner in Western Australia, the federal courts, New South Wales and in England and Wales. He remains the principal of the corporate and commercial law practice Garton Smith & Co, which now has small practice advising in relation to managed investments, corporate, real estate and intellectual property. Robert is also the Chair of Primary Compass Ltd and Australian Growth Managers Limited, two other responsible entities within the Primary Group

He is a director of two unlisted public technology companies

Directors' meetings attended – 8 of 8

Brian Millmore, B.Ec. GDipAppFin(Sec Inst), F Fin, PNA

Brian Millmore is a compliance professional specialising in the banking, funds management and financial planning industries. He has substantial experience in dealing with regulatory compliance issues, implementing and managing compliance plans and systems and the development and management of managed funds in both superannuation and unit trusts. Brian is a graduate in Economics and holds a Graduate Diploma in Applied Finance and Investment and diplomas in accounting and company secretarial practice

Directors' meetings attended – 8 of 8

PRIMARY SECURITIES LTD DIRECTORS' REPORT

Directors (Cont.)

Anthony Treadgold B Com CPA

Anthony Treadgold began his career in professional accounting after completing his degree at the University of Western Australia, firstly with Deloitte and later with Arthur Andersen. He specialised in business start ups and work outs and moved to London and later Hong Kong. Anthony returned to Australia after 8 years overseas and joined the Bank of Boston to start up a new Merchant Bank operation in Perth. He developed expertise in tax effective financing and innovative financial solutions for business.

In recent years Anthony has developed vineyards in the south west of Western Australia and followed his love of wine into production of super premium wines on a modest commercial scale. Anthony is an executive director, being the analyst and financial controller of the Responsible Entity. He also holds directorships in other companies involved in managed investment schemes and in technology companies.

Directors' meetings attended – 7 of 8

Other resolutions passed by minute of the directors: 5

Company Secretary

Barbara Boyd BA (Hons), FCIS

Barbara Boyd was elected an associate member of the Institute of Chartered Secretaries and Administrators (UK) in 1983 and became a Fellow in 1990. She has held various company secretarial positions including lecturing in Company Secretarial Practice at Curtin University of Technology

Review of operations

The principal activity of the Company is to act as a Responsible Entity, pursuant to an Australian Financial Services License for issued by the ASIC, for primary industry based and other managed investment schemes.

The Company has continued or commenced to act as a Responsible Entity for the following active managed investment schemes.

Viento Kangaroo Islands Plantations 2002 ARSN 095 697 591

Cool Climate Apricot Project ARSN 118 011

Moora Citrus Project ARSN 119 497 675

Compass Hotel Group Trust ARSN 128 197 197 (until the change of responsible entity to Primary Compass Ltd on 16th September 2009)

Clarion All Suites Hotel Broadwater ARSN 093 257 240 (in the process of winding up)

Likely developments

The Company continues to explore opportunities to expand the number and type of schemes.

Operating results

The operating profit of the Company for the year ended 30 June 2009 (after income tax) amounted to \$ 135,188 (2008: \$192,739).

Dividends

In respect of the year ended 30 June 2009 an interim dividend of \$200,000 was paid over the course of the financial year ending 30 June 2009.

The Directors recommend the payment of a dividend in relation to the year ended 30 June 2009 of \$135,188 being the undistributed balance of accumulated after tax profits as at 30 June 2009.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying officers or auditor

During the year the Company paid premiums to insure directors and officers of the Company. The insurance contract specifically prohibits disclosure of the nature of the insured liabilities and of the premium in respect of this policy.

Significant changes in the state of affairs

No transaction or event of a material nature has occurred which is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Until 1st November 2008, the company controlled two other responsible entities, Australian Growth Managers Ltd (AGML) and Primary Compass Ltd (PCL). As of 1st November 2008, the company and other responsible entities became sister companies, that is, they all became subsidiaries of a common holding company, Primary Consolidated Pty Ltd (PCP). The ultimate holding company of the Primary group is Leawell Pty Ltd as trustee for Robert Garton Smith's family trust.

A further subsidiary of PCP, Primary Managers Pty Ltd now employees all staff within the Primary group effective 1 November 2008, pays all expenses for the other companies in the group and receives reimbursements and fees for this service.

During the year the Company's share capital was reduced from \$250,000 to \$50,000 and then increased to \$100,000 to reflect the needs of the company. Following the change of responsible entity of the Compass Hotel Group Trust from the Company to Primary Compass Ltd, on 16th September 2008, the eligible undertaking to the Company from St George Bank was cancelled and a new eligible undertaking was provided by St George Bank to Primary Compass Ltd.

Events subsequent to balance date

Since 30 June 2009 no transaction or event of a material nature has occurred which is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Proceedings on behalf of the Company

Northern Tropical Timber Group

The Company commenced an action in the Supreme Court of Western Australia against two companies in the Northern Tropical Timbers Group (NTT) for declarations, indemnities and other orders in relation to NTT Mahogany Project and NTT Mahogany Project 2006-2008. A deed of release was executed by the new responsible entity of the NTT projects and NTT and the Company terminated the action. In accordance with the Deed the Company paid, on behalf of growers to the new responsible entity of the NTT projects, the various amounts it had withheld from the management fee payable to the managers of the respective schemes.

Environmental Forest Farms Management Ltd

In 2006, the Company commenced two actions in the Federal Court of Australia against Environmental Forest Farms Management Ltd for declarations and other orders for misleading and deceptive conduct under Corporations Act and in the second action also against E.F.F. Ltd and their directors and seeking damages for defamation. These actions have been settled on the basis that all parties release each other from all claims, and as a consequence the actions have been dismissed by order or discontinued, but the defendants have refused to execute a deed of settlement setting out the agreed terms of settlement.

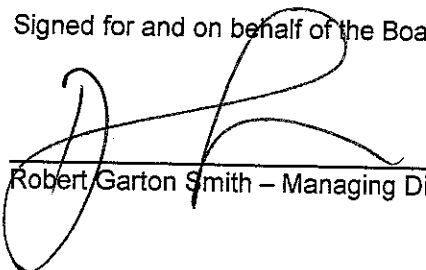
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Otherwise, the Company was not a party to any proceedings during the year.

Auditors Independence Declaration

Our auditor, RSM Bird Cameron Partners, has provided the Board of Directors with an independence declaration in accordance with section 307C of the Corporations Act 2001. The independence declaration is included within the financial statements.

Signed for and on behalf of the Board on the 30th day of September 2009.


Robert Garton Smith – Managing Director

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMARY SECURITIES LIMITED

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 to the Financial Statements, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

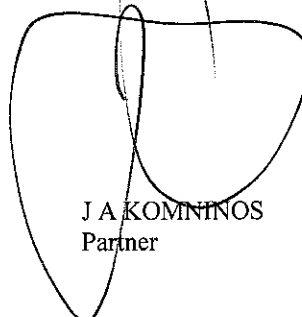
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Primary Securities Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 to the financial statements.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants



J A KOMININOS
Partner

Perth, WA
Dated: 30 September 2009

PRIMARY SECURITIES LTD

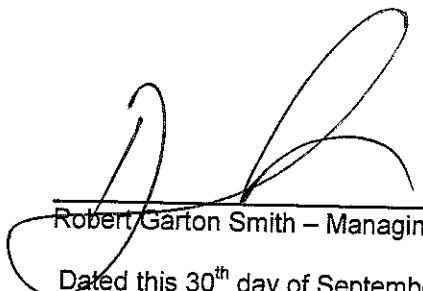
DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes to the financial statements are in accordance with the Corporations Act 2001 and:

- (a) comply with Accounting Standards, other mandatory professional reporting requirements and the Corporations Regulations 2001; and
- (b) give a true and fair view of the Company's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows for the financial year then ended.

In the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:



Robert Garton Smith – Managing Director

Dated this 30th day of September 2009

PRIMARY SECURITIES LTD

INCOME STATEMENT

For the year ended 30 June 2009

	Note	Economic Entity		Parent Entity	
		31 October 2008 \$	30 June 2008 \$	30 June 2009 \$	30 June 2008 \$
Revenue	2	765,273	1,781,323	765,273	1,781,323
Total revenue		765,273	1,781,323	765,273	1,781,323
Administration expenses		(344,646)	(864,348)	(371,460)	(864,348)
Employee benefits expense		(178,792)	(578,170)	(178,792)	(578,170)
Directors' fees		(14,403)	(55,412)	(14,403)	(55,412)
Profit before income tax expense		227,432	283,393	200,618	283,393
Income tax expense	4	(65,430)	(90,654)	(65,430)	(90,654)
Profit after related income tax expense		162,002	192,739	135,188	192,739

The accompanying notes form part of these financial statements

PRIMARY SECURITIES LTD

BALANCE SHEET

As at 30 June 2009

	Notes	Economic Entity		Parent Entity	
		31 Oct 2008 \$	30 June 2008 \$	30 June 2009 \$	30 June 2008 \$
CURRENT ASSETS					
Cash and cash equivalents	17(a)	175,561	606,488	2,890	381,323
Trade and other receivables	5	190,970	511,002	5,320	511,002
Financial assets	6	-	28,000	-	78,050
Other current assets	7	-	45,460	101,864	45,460
TOTAL CURRENT ASSETS		366,531	1,190,950	110,074	1,015,835
NON CURRENT ASSETS					
Plant and equipment	13	33,510	36,850	25,422	36,850
TOTAL NON CURRENT ASSETS		33,510	36,850	25,422	36,850
TOTAL ASSETS		400,041	1,227,800	135,496	1,052,685
CURRENT LIABILITIES					
Trade and other payables	8	87,731	794,875	-	619,760
Current tax liabilities	9	40,342	50,289	40,342	50,289
Revenue received in advance	10	-	72,670	-	72,670
TOTAL CURRENT LIABILITIES		128,073	917,834	40,342	742,719
TOTAL LIABILITIES		128,073	917,834	40,342	742,719
NET ASSETS		271,968	309,966	95,154	309,966
EQUITY					
Contributed equity	11	250,000	250,000	100,000	250,000
Retained earnings		21,968	59,966	(4,846)	59,966
TOTAL EQUITY		271,968	309,966	95,154	309,966

The accompanying notes form part of these financial statements

PRIMARY SECURITIES LTD
STATEMENT OF CHANGES IN EQUITY

For the year ended 2009

ECONOMIC ENTITY	Share Capital (Ordinary shares) \$	Retained Earnings \$	Total \$
Balance at 1 July 2007	200,000	84,821	284,821
Profit/(loss) from ordinary activities after related income tax expense	-	192,739	192,739
Dividends paid	-	(217,594)	(217,594)
Decrease in share capital	(500,000)	-	(500,000)
Share capital issued	550,000	-	550,000
Balance at 30 June 2008	<u>250,000</u>	<u>59,966</u>	<u>309,966</u>
Balance at 1 July 2008	250,000	59,966	309,966
Profit from after income tax	-	162,002	162,002
Dividends paid	-	(200,000)	(200,000)
Balance at 30 June 2009	<u>250,000</u>	<u>21,968</u>	<u>271,968</u>
PARENT ENTITY	Share Capital (Ordinary shares) \$	Retained Earnings \$	Total \$
Balance at 1 July 2007	200,000	84,821	284,821
Profit/(loss) from ordinary activities after related income tax expense	-	192,739	192,739
Dividends paid	-	(217,594)	(217,594)
Decrease in share capital	(500,000)	-	(500,000)
Share capital issued	550,000	-	550,000
Balance at 30 June 2008	<u>250,000</u>	<u>59,966</u>	<u>309,966</u>
Balance at 1 July 2008	250,000	59,966	309,966
Profit after income tax	-	135,188	135,188
Dividends paid	-	(200,000)	(200,000)
Decrease in share capital	(200,000)	-	(200,000)
Share capital issued	50,000	-	50,000
Balance at 30 June 2009	<u>100,000</u>	<u>(4,846)</u>	<u>95,154</u>

The accompanying notes form part of these financial statements

PRIMARY SECURITIES LTD

CASH FLOW STATEMENT

For the year ended 30 June 2009

	Note	Economic Entity 31 October 2008 \$	2008 \$	Parent Entity 2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		574,303	1,781,323	631,639	1,781,323
Payments to suppliers and employees		(758,791)	(1,460,667)	(663,683)	(1,449,190)
Interest received		5,271	30,000	5,271	30,000
Income tax paid		(65,430)	(62,394)	(65,430)	(62,394)
Net cash flows from / (used) in operating activities	17(b)	(244,647)	288,262	(92,203)	299,739
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for fixed assets		-	(16,735)	-	(16,735)
Payments for investments		-	(28,000)	-	(78,000)
Proceeds from the sale of investments		13,720	-	13,772	-
Net cash flows (used) in/from investing activities		13,720	(44,735)	13,772	(94,735)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	550,000	50,000	550,000
Payments for capital reduction		-	(500,000)	(200,000)	(500,000)
Proceeds from capital reduction		-	-	49,998	-
Dividends paid		(200,000)	(217,594)	(200,000)	(217,594)
Net cash flows (used) in financing activities		(200,000)	(167,594)	(300,002)	(167,594)
Net increase / (decrease) in cash held		(430,927)	75,933	(378,433)	37,410
Cash held at the beginning of the period		606,488	530,555	381,323	343,913
Cash held at the end of the period	17(a)	175,561	606,488	2,890	381,323

The accompanying notes form part of these financial statements

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Primary Securities Ltd and controlled entities, and Primary Securities as an individual parent entity. Primary Securities Ltd is an unlisted public company, incorporated and domiciled in Australia.

The financial report of Primary Securities and controlled entities, and Primary Securities as an individual parent entity comply with all Australian Accounting Standards, which include the Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures the compliance with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated:

Basis of Preparation

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

The Company has recorded in respect of the year ended 30 June 2009, an operating profit of \$135,188 (2008: \$192,739), net cash used in operating activities of \$92,203 (2008: net cash from operating activities of \$299,739), cash used in financing activities of \$300,002 (2008: \$167,594) and a closing cash balance of \$2,098 (2008: \$381,323). The Company plans to declare an interim dividend of \$162,002, being the current year profits. After consideration of these financial conditions, the Directors have assessed the following matters in relation to the adoption of the going concern basis of accounting by the Company:

- The Primary group was restructured on 1 November 2008, as disclosed in Note 20. As part of the restructuring process, a new company, Primary Managers Pty Ltd, was formed.
- As disclosed in Notes 14(d) and 20, Primary Managers Pty Ltd, under the lending agreement, will provide the services of its staff and resources to the Company, pay all the Company's expenses and meet the debts of the

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Company (except in relation to scheme obligations payable out of funds available from Growers) in return for receiving the fees from the various managed investment schemes for which the Company is the Responsible Entity (RE).

- Furthermore, Primary Managers Pty Ltd has provided an unqualified undertaking by virtue of the lending agreement to the Company to continue to meet all the Company's debts as and when they become due and payable.
- The group's consolidated cash flow projections up to August 2010 show positive cumulative cash flows in each month and based on the projections, the group is expected to have strong cash flows to pay the expenses and meet the debts of the various companies in the group.
- The Directors can defer the payment of dividends to meet unexpected expenses/liabilities which have not been budgeted for.

Having regard to the above matters, the Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate that this basis of accounting be adopted in the preparation of these financial statements.

(a) Principles of consolidation

A controlled entity is any entity over which Primary Securities Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. A list of controlled entities is contained in Note 20 to the financial statements. As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased). All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(b) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(b) Income tax (contd)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(d) Trade and other payables

Payables are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of goods or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(e) Dividends

A provision for dividends is not recognised unless the dividends are declared or determined on or before the reporting date.

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(f) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax payable to the taxation authorities. Exchanges of goods and services of the same nature and value without any cash consideration are not recognised as revenues. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(h) Plant and Equipments

Plant and equipment are measured on the cost basis less any accumulated depreciation and impairment losses. Depreciation is on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Plant and equipments	11.25% - 50%
Motor vehicles	25%

(i) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(j) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(k) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(l) Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars which is the functional and presentation currency of the parent entity and all the entities in the group.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

(n) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

	Economic Entity		Parent Entity	
	31 Oct 2008	2008	2009	2008
	\$	\$	\$	\$
2. REVENUE				
(a) Operating activities				
- Responsible entity fees	389,390	522,503	389,390	522,503
- Expense recoupments	127,559	347,356	127,559	347,356
- Profit on disposal of investments	-	980	-	908
- Interest revenue	-	208,816	-	208,816
- Other revenue	248,324	701,668	248,324	701,668
	765,273	1,781,323	765,273	1,781,323

The Responsible Entity fee includes the fees collected on behalf of the Company's wholly owned subsidiaries till 31 October 2008. These fees were collected and recognized as revenue in the accounts of Primary Securities Ltd.

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	Economic Entity 31 Oct 2008 \$	2008 \$	Parent Entity 2009 \$	2008 \$
3. AUDITOR'S REMUNERATION				
Audit of financial report	25,500	25,500	25,500	25,500
Other services	12,000	12,000	12,000	12,000
Auditor's remuneration*	<u>37,500</u>	<u>37,500</u>	<u>37,500</u>	<u>37,500</u>

* The Auditor's remuneration is paid by Primary Managers Pty Ltd and not the Company. Refer to note 14(d) to the financial statements.

4. INCOME TAX

Current tax expense	65,430	90,654	65,430	90,654
---------------------	--------	--------	--------	--------

(a) Reconciliation

The income tax attributable to the operating profit from ordinary activities is reconciled as follows:

Profit from ordinary activities	227,432	283,393	200,618	283,393
Prima facie income tax expense at 30%	68,230	85,018	60,185	85,018
Tax effect of:				
Non allowable items of expenditure	2,249	5,912	10,294	5,912
Other assessable income and franking credits	4,284	(276)	4,284	(276)
Other income not assessable	<u>(9,333)</u>	<u>-</u>	<u>(9,333)</u>	<u>-</u>
Income tax expense attributable to operating profit	65,430	90,654	65,430	90,654

(b) Franking account

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years

-	140	-	140
---	-----	---	-----

5. TRADE AND OTHER RECEIVABLES

Trade and other debtors	147,274	33,780	3,436	33,780
GST receivable	-	477,222	1,884	477,222
Other receivables	43,696	-	-	-
	<u>190,970</u>	<u>511,002</u>	<u>5,320</u>	<u>511,002</u>

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	Economic Entity 31 Oct 2008 \$	2008 \$	Parent Entity 2009	2008 \$
6. FINANCIAL ASSETS				
Investments in other entities	-	28,000	-	28,000
Shares in controlled entities	-	-	-	50,050
	-	28,000	-	78,050
7. OTHER CURRENT ASSETS				
Amount due from Primary Managers Pty Ltd	-	-	101,864	-
Prepayments	-	45,460	-	45,460
	-	45,460	101,864	45,460
8. TRADE AND OTHER PAYABLES				
Trade creditors and accruals	78,186	284,098	-	108,983
GST and PAYG Payable	9,545	510,777	-	510,777
	87,731	794,875	-	619,760
9. CURRENT TAX LIABILITIES				
Income tax payable	40,342	50,289	40,342	50,289
10. REVENUE RECEIVED IN ADVANCE				
Fees revenue	-	72,670	-	72,670
11. CONTRIBUTED EQUITY				
100,000 (2008: 250,000) fully paid ordinary shares @ \$1	250,000	250,000	100,000	250,000

During the year the Company's share capital was reduced from \$250,000 to \$50,000 and then increased to \$100,000 to reflect the needs of the company.

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

12. FINANCIAL INSTRUMENTS

The Company's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: interest rate risk, credit risk and liquidity risk. At that stage the Company's overall risk management program will focus on the unpredictability of the financial markets and seek to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Consolidated and the Parent entity hold the following financial instruments:

	Economic Entity		Parent Entity	
	31 Oct	2008	2009	2008
	2008	\$	\$	\$
	\$			
Financial Assets				
Cash and cash equivalents	175,561	606,488	2,890	381,323
Trade and other receivables	190,970	556,462	107,184	556,462
	<u>366,531</u>	<u>1,162,950</u>	<u>110,074</u>	<u>937,785</u>
Financial Liabilities				
Trade and other payables	87,731	794,875	-	619,760
	<u>87,731</u>	<u>794,875</u>	<u>-</u>	<u>619,760</u>

Interest Rate Risk

At 30 June 2009, the Company's exposure to interest rate risk is considered minimal. Cash at bank amounts to \$2,890 (2008: \$381,323) with a weighted average effective interest rate of 4.9% (2008: 6.5%). The Company does not have any interest bearing deposits.

Credit Risk

The Company has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. In relation to other credit risk areas management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

12. FINANCIAL INSTRUMENTS (contd)

Positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Consolidated and parent entity has no borrowing facilities. There is no liquidity risk to the Consolidated Group at 30 June 2009 as the group ceased to exist on 31 October 2008.

Parent Entity	Weighted Average Interest Rate	Floating Interest Rate \$	Fixed Interest Maturing 1 Year or Less \$	Fixed Interest Maturing 1 to 5 Years \$	Non- Interest Bearing \$	Total \$
30 June 2009						
<i>Financial Assets</i>						
Cash assets	4.90%	2,890	-	-	-	2,890
Receivables		-	-	-	107,184	107,184
		2,890	-	-	107,184	110,074
<i>Financial Liabilities</i>						
Payables		-	-	-	-	-
<i>Net financial assets/(liabilities)</i>		2,890	-	-	107,184	110,074
	Weighted Average Interest Rate	Floating Interest Rate \$	Fixed Interest Maturing 1 Year or Less \$	Fixed Interest Maturing 1 to 5 Years \$	Non- Interest Bearing \$	Total \$
30 June 2008						
<i>Financial Assets</i>						
Cash assets	6.50%	381,323	-	-	-	381,323
Receivables	-	-	-	-	556,462	556,462
		381,323	-	-	556,462	937,785
<i>Financial Liabilities</i>						
Payables	-	-	-	-	(619,760)	(619,760)
		-	-	-	-	-
<i>Net financial assets/(liabilities)</i>		381,323	-	-	(63,298)	318,025

Net Fair Value of Financial Assets and Liabilities

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial assets and liabilities as indicated in the Balance Sheet. There are no unrecognized financial assets or financial liabilities at 30 June 2009.

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	Economic Entity		Parent Entity	
	31 Oct 2008	2008	2009	2008
	\$	\$	\$	\$
13. PLANT AND EQUIPMENT				
Plant and equipment				
At cost	61,005	61,165	61,005	61,165
Accumulated depreciation	(27,495)	(24,315)	(35,583)	(24,315)
	33,510	36,850	25,422	36,850
 (a) Movement in carrying amounts				
Balance at the beginning of the year	36,850	33,149	36,850	33,149
Additions	-	16,735	-	16,735
Depreciation	(3,340)	(13,034)	(11,428)	(13,034)
Balance at the end of the year	33,510	36,850	25,422	36,850

14. RELATED PARTY INFORMATION

(a) Remuneration of Directors

The Directors who have held office during the financial year are:

Robert Garton Smith
Anne Thoume
Brian Millmore
Anthony Treadgold

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

14. RELATED PARTY INFORMATION (contd)

(a) Directors' remuneration (contd)

Director	2009		2008	
	Cash salary	Superannuation contribution	Cash salary	Superannuation contribution
	\$	\$	\$	\$
Anne Thoume	8,955	780	17,202	1,548
Robert Garton Smith	71,596	30,990	1,200	106,531
Brian Millmore	9,403	930	28,210	2,790
Anthony Treadgold	-	-	10,000	-
	89,954	32,700	56,612	110,869

(b) Shares held by Directors

Director	2009	2008
	Number of shares at 30 June 2009	Number of shares at 30 June 2008
Anne Thoume	-	-
Robert Garton Smith	100,000 ⁽²⁾	250,000 ⁽¹⁾
Brian Millmore	-	-
Anthony Treadgold	-	-
	100,000	250,000

⁽¹⁾ Previously held indirectly through Leawell Pty Ltd of which Robert Garton Smith is a Director.

⁽²⁾ Held indirectly through Primary Consolidated Pty Ltd of which Robert Garton Smith is a Director

(c) Options held by Directors

No options were held by the directors during or at the end of the financial year ended 30 June 2009 or in the previous reporting periods.

(d) Other transactions with directors and director-related entities

The Company is a wholly owned subsidiary of Primary Consolidated Pty Ltd and is part of the Primary Group of companies. Primary Managers Pty Ltd one of the companies within the Primary Group (also a wholly owned subsidiary of Primary Consolidated Pty Ltd), has entered into an agreement with the Company called a Lending Agreement of Responsible Entity Resources, to lend the services of staff for such time as may be reasonably required to enable the Company to carry out on its own behalf all corporate and compliance duties and obligations and to lend library and research materials, forms, precedents, software, systems, the procedures manual, the risk management systems and systems statement and any additional resources available in relation to the running of a responsible entity on the basis that any fees payable for responsible entity services by the various schemes in relation to the Company are paid to Primary Managers Pty Ltd.

Further, Primary Managers Pty Ltd has provided an undertaking to the Company to pay all its debts (except in relation to scheme obligations payable out of funds available from Growers).

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

PRIMARY SECURTIES LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

15. EVENTS OCCURRING AFTER BALANCE DATE

No matter or circumstance has arisen since 30 June 2009 that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the state of affairs of the Company, subsequent to 30 June 2009 in future financial years.

16. SEGMENT INFORMATION

The Company operates within the managed investments industry within Australia.

17. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Cash at 30 June 2008 as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as shown:

	Economic Entity		Parent Entity	
	31 Oct	2008	2009	2008
	2008	\$	\$	\$
	\$			
Cash at bank	175,561	606,488	2,890	381,323
<hr/>				
(b) Reconciliation of cash flows from operating and financing activities to operating profit from ordinary activities after income tax				
Profit from ordinary activities after income tax	162,002	192,739	135,188	192,739
Loss of disposal of investments	14,280	-	14,280	-
Depreciation	3,340	13,034	11,428	13,034
Movements in assets and liabilities				
Receivables	320,032	387,046	505,682	387,046
Other assets	45,460	38,230	(56,404)	38,230
Payables	(707,144)	(328,845)	(619,760)	(317,368)
Tax liability	(9,947)	28,260	(9,947)	28,260
Revenue received in advance	(72,670)	(42,202)	(72,670)	(42,202)
<hr/>				
Net cash flows from/(used) in operating activities	(244,647)	288,262	(92,203)	299,739
<hr/>				

PRIMARY SECURITIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	Economic Entity		Parent Entity	
	31 Oct 2008	2008	2009	2008
	\$	\$	\$	\$
18. DETAILS OF AMOUNTS NOT INCLUDED IN THE FINANCIAL STATEMENTS				
Income Statement				
Scheme revenue (a)	4,310,029	6,950,431	4,310,029	6,950,431
Scheme expenses (b)	(4,308,900)	(6,950,422)	(4,310,029)	(6,950,422)
Balance Sheet				
Cash (c)	3,066,108	2,642,567	302,559	2,642,567
Receivables (d)	3,358,076	263,583	55,828	263,583
Payables (e)	6,424,184	2,905,949	358,387	2,905,949

(a) and (b): Scheme revenue and expenses do not relate to the Company. These are the corresponding income and expenditure entries in the Income Statement to match the fee received from growers and paid to the scheme managers.

(c) Cash balances that are not Company's assets rather being held on 'trust' to be paid to the scheme managers are as follows:

Cool Climate Apricot Project fee account	606,610	396,467	8,828	396,467
NTT2006-2008 fee account	-	4,600	-	4,600
NTT 2006-2008 indemnity account***	1,834,000	1,834,000	-	1,834,000
NTT indemnity account***	-	400,000	-	400,000
WACOL application account	-		490	
Richlands application account	-		293,241	
KTC 08 fee account	-	7,500	-	7,500
Moora Citrus Project	239,165	-	-	-
NTT	386,333	-	-	-
	3,066,108	2,642,567	302,559	2,642,567

PRIMARY SECURTIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

18. DETAILS OF AMOUNTS NOT INCLUDED IN THE FINANCIAL STATEMENTS (CONTD)

	Economic Entity		Parent Entity	
	31 Oct 2008	2008	2009	2008
	\$	\$	\$	\$
(d) Scheme receivables for management fee and application fee which are due from growers, on behalf of scheme managers, are as follows:				
Cool Climate Apricot Project debtors	1,461,185	63,086	55,828	63,086
-NTT debtors	50,997	50,997	-	50,997
NTT 2006-2008 debtors	-	149,500	-	149,500
Moora Citrus project	1,845,894	-	-	-
	3,358,076	263,583	55,828	263,583
(e) Scheme payables for management fee and application fee which are due to be paid to scheme managers once collected from growers are as follows:				
Cool Climate Apricot Project payables	2,067,795	459,352	64,656	459,352
NTT scheme payables	50,997	50,997	-	50,997
NTT 2006-2008 scheme payables	-	154,100	-	154,100
Richlands application funds	-		293,731	
KTC 08 scheme payables	-	7,500	-	7,500
NTT 2006-2008 indemnity***	1,834,000	1,834,000	-	1,834,000
Moora Citrus project	2,085,060	-	-	-
NTT indemnity***	386,332	400,000	-	400,000
	6,424,184	2,905,949	358,387	2,905,949

PRIMARY SECURTIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

*** These amounts were withheld by the Company in 2008 from the management fee payable to the managers of the respective schemes on the grounds that the managers had breached the interests of the growers (by breaching the Management Agreement and Planting Agreement) and these amounts should eventually be used for remedying the damages, once known. These amounts were paid to new responsible entity of the NTT schemes (see details on Directors' Report) and Note 21.

19. BANK FACILITY

St George Bank provided an eligible undertaking of \$1m to assist the Company in complying with the financial requirements of its Australian Financial Services Licence. This was the due to the increase in the assets owned by Compass Hotel Group Trust which, at 30 June 2008 were valued at in excess of \$183m.

On 16th September 2008 the responsible entity of Compass Hotel Group Trust changed to Primary Compass Ltd ACN 129 159 182 AFSL 323380 (a sister company of the Company). The eligible undertaking provided to the Company has now been cancelled and a new eligible undertaking has been provided by St George Bank to Primary Compass Ltd.

20. CONTROLLED ENTITIES

Until 1st November 2008, the company controlled two other responsible entities, Australian Growth Managers Ltd (AGML) and Primary Compass Ltd (PCL). As of 1st November 2008, the company and other responsible entities became sister companies, that is, they all became subsidiaries of a common holding company, Primary Consolidated Pty Ltd (PCP). The ultimate holding company of the Primary group is Leawell Pty Ltd as trustee for Robert Garton Smith's family trust.

A further subsidiary of PCP, Primary Managers Pty Ltd now employees all staff within the Primary group effective 1 November 2008, pays all expenses for the other companies in the group and receives reimbursements and fees for this service.

21. CONTINGENT LIABILITIES

The Company commenced an action in the Supreme Court of Western Australia against two companies in the Northern Tropical Timbers Group (NTT) for declarations, indemnities and other orders in relation to NTT Mahogany Project and NTT Mahogany Project 2006-2008. A deed of release was executed by the new responsible entity of the NTT projects and NTT which thereby terminated the action. In accordance with the Deed the Company paid, to the new responsible entity of the NTT projects, the various amounts it had withheld from the management fee payable to the managers of the respective schemes.

There are no contingent liabilities at reporting date.

22. SIGNIFICANT CHANGES DURING THE YEAR

No transaction or event of a material nature has occurred which is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

The change in group structure is explained in Note 20 to the financial statements.

PRIMARY SECURTIES LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

23. GAIN/LOSS ON DISPOSAL OF SUBSIDIARIES

There was no gain/loss to the Company arising from the disposal of its investments in the subsidiaries, Australian Growth Managers Ltd and Primary Compass Ltd. The proceeds from the sale of shares equalled their carrying values at the date of disposal.

24. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Primary Securities Ltd
13 Nairn Street
FREMANTLE WA 6160

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION TO THE BOARD OF DIRECTORS OF PRIMARY SECURITIES LTD

As lead audit partner for the audit of the financial report of Primary Securities Ltd for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

Perth, WA
Dated: 30 September 2009