



ANNUAL REPORT 2007/2008

for the period ending 30 June 2008

Message from the Board of Directors

We are pleased to provide you with your 2007/2008 Annual Report.

After five years of strong investment returns, this has been a challenging year for super investors. Greater volatility in Australian and international markets has seen negative returns for the first time in six years, making some investors nervous.

PPWSF is no different to other funds in that respect. However, the Board of Directors is disappointed that the Fund's final crediting rate to members has been caught up in global volatility.

We note that the regulator, the Australian Securities and Investment Commission (ASIC) says there is no need to panic about one or two bad years. ASIC advises Fund members to not make snap decisions.

ASIC points out that investment markets move in cycles and the volatility we are experiencing is a common part of the economic cycle. Historically, the overall market generally recovers, usually to higher levels, and we encourage members to take a long-term view when considering the Fund's overall performance. For the full text of what they say, look at www.fido.gov.au/superreturns

If you are at the start or in the middle of your working life, you have a long time to keep investing in your super and are well placed to take market ups and downs in your stride. It is important for older fund members to remember that they remain investors who can continue to benefit from their long term involvement in the markets.

ASIC does say that now is certainly a good time to engage with your super and ensure that your fund and your investment strategy is right for your retirement savings. We encourage Fund members to continue to engage with the new First Super.

ASIC also warns superannuation members to keep an eye on the fees you pay as this can have a significant impact on the final benefit you receive. They suggest that members should take great care before deciding to switch super funds or investment strategies.

The following table shows how your superannuation has performed to 30 June 2008*:

2007/08 crediting rate	-9.20%
Compound 5 year crediting rate	8.71%
Compound 10 year crediting rate	6.61%

* Investments may rise or fall in value. Past performance is not a reliable indicator of future performance. See page 2 for full details.

Take a long-term view

We are pleased to note that returns remain strong over the medium to long term.

The Superannuation Division has recorded an average compound crediting rate of 8.71% over 5 years. This is a competitive result for members.

This portfolio has been invested across a broad range of asset classes, which also helps to lower overall risk. By maintaining investment diversity, assets that perform strongly can offset those that underperform, reducing the risk of low returns and limiting losses if one class of assets performs poorly.

A new era begins

As PPWSF members are aware, on 1 July 2008, PPWSF merged with the Furniture Industry Retirement & Superannuation Trust (FIRST Super) and the Timber Industry Superannuation Scheme (TISS).

This is an exciting time for members and employers, who can expect to access a range of additional benefits and services.

On behalf of the Trustee Board and the PPWSF Executive and Staff, we want to thank all Fund members and employers for your support and loyalty. Four PPWSF Directors will continue to represent your interests as Directors of the newly merged fund, First Super.

We would also like to thank all past Directors and management for the work undertaken on behalf of workers in the pulp and paper industry since 1974.

Without the leadership of members, the CFMEU (formerly the Pulp & Paper Workers Federation of Australia) and some enlightened employers, thousands of Australians would at least have waited longer to receive superannuation. A proud history and legacy has been handed to the new First Super, whose name reflects the fact that PPWSF was the first industry superannuation fund for Australian workers.

Further details about the benefits and services available through First Super were set out in the merger information we sent you and can be found in the First Super Member Guide (PDS) and the First Super Member Magazine provided with this Report. We encourage members to continue to seek information and to access the benefits and services available to them through First Super.

Tim Woods

Chairperson of Trustees

Ken Fisher

Chief Executive Officer

Issued in November 2008 by the Trustee, PPW Superannuation Pty Ltd, RSEL L0002844, RSER R1067606, ACN 005 056 762, AFSL 234501. The material in this report has been prepared without taking into account your objectives, financial situation or needs. You should consider the appropriateness of the material in light of your own objectives, financial situation or needs before making a decision.

Investment performance

Historical earnings and crediting rates to 30 June 2008 are as follows:

Financial year end	Crediting Rate
2008	-9.20%
2007	14.50%
2006	15.00%
2005	11.80%
2004	13.60%

The average compound crediting rate over the last 5 years is 8.71% p.a.

Important note: Past performance should not be taken as an indicator of future returns. The value of investments can rise or fall over time.

In July 2008, PPW's investment option was closed and members were generally moved into the new investment options offered by First Super. Most members will be in the First Super Growth option.

Reserves

The Trustee will maintain a reserve for administration and operational purposes only, not for investment smoothing purposes.

Details of the reserve kept for each of the past four years is as follows:

Financial year	Reserve
2008	\$1,846,094
2007	\$392,955
2006	\$541,013
2005	\$170,750

Investment strategy

Important note: This investment strategy applied to PPW Super Fund investments up to 30 June 2008. After that date, the Fund offered four new investment strategies through First Super. Details were set out in the Merger Information we sent you and can be found in the First Super Member Guide (PDS) and the First Super Member Magazine.

PPW invested its assets through investment arrangements which were likely to produce a satisfactory rate of return and at the same time, minimise the risk of capital losses.

The Fund also minimised investment risk by appropriately spreading its exposure to the various types of investments available. The Fund authorised its investment managers to use synthetic investments (options etc.) only for the purpose of protecting the Fund against risk.

The Fund sought the higher returns typically secured on share and property investments but maintained an appropriate balance between investments in these assets and in more secure assets like Government Bonds and Cash.

The Trustee placed funds with twenty-one investment managers who had responsibility for the investment of the Fund's assets within specified constraints and each were expected to display the skill and expertise of a professional investment manager.

The managers were expected to follow a policy of active management of the Fund's assets within the terms set out for each individual investment they managed.

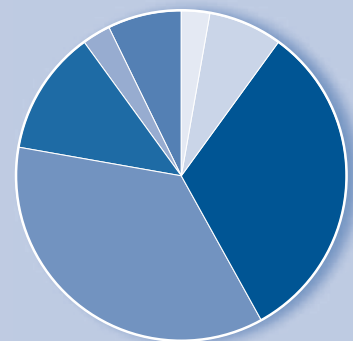
The investment objectives and strategic asset allocation are outlined below.

Objectives

- Over rolling three-year periods, having a 70% probability of the earnings rate exceeding or equivalent to inflation (as measured by the change in the Australian Consumer Price Index) plus 3.0% per annum; and
- A one-in-nine chance of having a negative earnings rate in any one year.

Strategic asset allocation

Cash	3%
Private Equity	3%
Fixed Interest	7%
Infrastructure	7%
Direct Property	12%
Australian Shares	32%
Overseas Investments	36%
TOTAL	100%



Managed Investment Funds and Direct Investment Funds

To help invest your super, we use professional managed investment funds and regularly monitor their performance. We also make direct investments in a number of areas. The following list shows the investment funds employed by PPW and the direct investments made throughout the 2007/2008 financial year:

- Barclays Global Investors
- Confluence Asset Management Limited
- Credit Suisse Asset Management
- Deutsche Bank Real Estate
- Fortius Funds Management
- Fiduciary
- IFBT
- Industry Funds Management Infrastructure
- Industry Superannuation Property Trust
- ING Investment Management Limited
- Macquarie Investment Management
- Maple-Brown Abbott
- Perennial Investment Partners Limited
- PIMCO Australia Pty Ltd
- Quay Partners
- Schroder Investment Management Australia
- Super Loans Trust
- Tactical Global Management Limited
- UBS Global Asset Management
- Utilities Trust of Australia
- Wilshire Global Advisers Limited

Investments greater than 5%

At 30 June 2008, the following investments had a market value in excess of 5% of the total assets of the Fund:

- | | | | |
|---|-------|---|------|
| • Barclays Investment Funds -
Australian Alpha Equity Fund | 10.9% | • Barclays International Share Fund -
International Share Fund | 8.1% |
| • MBA Australian Equities | 9.9% | • Industry Superannuation Property
Trust - Core Fund | 5.7% |
| • Schroder - Australian Equities | 9.6% | • Industry Funds Management -
Infrastructure Fund | 5.5% |
| • Credit Suisse -
Flexible International Share Fund | 8.8% | • PIMCO Global Bond Fund | 5.1% |
| • MBA International Equities | 6.9% | | |

The Fund had no investment in any associated enterprise that has a market value in excess of 5% of total assets.

Contents

Investment Strategy	2	Important information	5
2007/2008 Abridged Financial Statements	4	Complaints	6
Operations	5	Contact us	6

2007/2008

Abridged Financial Statements

The audit of the financial statements is complete, and a clear audit opinion has been received. Copies of the audited financial statements, Trust Deed or any other prescribed documentation are available upon request.

Statement of Financial Position as at:	30 June 2008 \$	30 June 2007 \$
Assets		
Investments	329,894,566	382,163,933
Other assets	5,301,107	2,296,982
FITB	–	–
Total Assets	335,195,673	384,460,915
Liabilities		
Income Tax payable	-1,476,712	-4,103,907
PDIT	–	-4,230,641
Accounts payable	–	-2,807,637
Other	-845,353	
Total Liabilities	-2,322,065	-11,142,185
NET ASSETS	332,873,608	373,318,730
Represented by Liability for Accrued Benefits		
Members Funds	331,027,514	372,925,775
Reserves	1,846,094	392,955
LIABILITY FOR ACCRUED BENEFITS	332,873,608	373,318,730
Changes in Financial Position for Year Ended:	30 June 2008 \$	30 June 2007 \$
Revenue		
Revenue from Investments	-32,796,031	50,979,505
Revenue from Contributions	22,291,798	23,954,909
Other revenue	324,057	164,000
Total Revenue	-10,180,176	75,098,414
Total Expenditure	-2,324,017	-1,137,702
Benefits Accrued before Income Tax	-12,504,193	73,960,712
Income Tax expense	-85,286	-5,254,072
BENEFITS ACCRUED AFTER TAX	-12,589,479	68,706,640

Assets transferred to TISS at 30 June 2008

On 30 June 2008, Pulp & Paper Workers Superannuation Fund (PPW) and Furniture Industry Retirement Superannuation Trust (FIRST) merged with Timber Industry Superannuation Scheme (TISS) via a successor Fund agreement. TISS changed its name to First Super on 1 July 2008.

Operations

The Trustee

The Trustee of Pulp & Paper Workers' Superannuation Fund is PPW Superannuation Pty Ltd, ACN 005 056 762, RSEL L0002844, RSER R1067606, AFSL 234501, which is responsible for ensuring that the Fund is managed in accordance with the Trust Deed and regulations set down under the Superannuation Industry (Supervision) Act and other legislation.

PPW is a regulated fund. As such, PPW must be audited and must lodge an annual return with APRA each year. The Trustee holds professional indemnity insurance.

The Trustee is supported by the Chief Executive Officer, Ken Fisher.

The Board of Directors

The PPW Directors do not receive any remuneration for their service to the Fund. At 30 June 2008, the Directors of PPW Super were:

Employer representatives

- Judy Power, Amcor
- Peter Bennett, Kimberly-Clark Australia
- Stephen Katona, Huhtamaki
- Brenda Appleton, SCA Hygiene Australasia
- Paul Welfare, Australian Paper

Member representatives

- Tim Woods, Chairperson
- Alex Millar, Melbourne
- Geoff Gasperotti, Melbourne
- Kevin Millie, Millicent
- Ian Moule, Maryvale

Service providers

PPW appoints professional advisers to assist in the day-to-day running of the Fund. All advisers are appointed following a process of due diligence.

At 30 June 2008, PPW Super used the following service providers:

Auditor:
Ernst & Young

Insurer:
Hannover Life Re of Australasia Limited

Asset Consultant:
Frontier Investment Consulting Pty Ltd

Legal Adviser:
Ryan Carlisle Thomas

Important information

Trust Deed changes

During the year, the Trustee changed the Trust Deed to permit successor fund transfer.

Crediting rates

Crediting rates are the earnings allocated to members accounts net of tax, fees and a small administration reserve.

Interim crediting rates

If you withdraw money from your account or change your investment portfolio during the year before end-of-year crediting rates are declared, an 'interim crediting rate' is applied to your account.

We use accumulated monthly crediting rates to determine your account balance at the time of withdrawal. These rates are applied for the period starting from 1 July through to the date of withdrawal. The overall rate thus calculated is the interim crediting rate.

The interim crediting rates vary throughout the year and may be positive or negative, depending on the investment performance of each investment portfolio at that particular time.

Interim crediting rates are calculated monthly, based on the actual return. The estimated return is then annualised.

Reserves

PPW maintains a small administration reserve (funded by all members) which is used to cover any operating deficits and any other contingencies. This reserve is not expected to exceed 0.5% of accounts.

Derivatives

PPW does not use derivative instruments. However, external managers may use them to manage pooled investment vehicles in which the Trustee invests. Where this is the case, the Trustee considers the associated risks and controls that are in place by monitoring the manager's Risk Management Statement.

Socially Responsible Investing

Labour standards and environmental, social or ethical considerations are not taken into account in the selection, retention or realisation of investments.

Superannuation surcharge

The superannuation surcharge payable by high-income earners on contributions and termination payments made on or after 1 July 2005 has been abolished. However, the ATO continues to send assessments relating to prior years. Should PPW Super receive such an assessment, we will deduct the charge directly from your account.

Trustee indemnity insurance

PPW has taken out Trustee Liability insurance. The policy is through Chubb Insurance Company of Australia Limited.

Protecting your benefit

Commonwealth Government regulations protect the benefits of members with account balances less than \$1,000. Normally fees for small account holders may not exceed the amount of earnings credited to your account, but in times of negative investment returns, the amount charged may be up to \$10 in direct fees. This ensures that your investment is usually protected and does not get eroded by fees and charges. Tax and insurance premiums will, however, continue to be deducted from your account, regardless of your balance, until it reaches zero.

Privacy

PPW Super has arrangements in place to protect the privacy of members' personal information, which will only be shared with other organisations for the purpose of administering your account or as otherwise authorised by you. A copy of our Privacy Policy is available on request.

Eligible Rollover Fund (ERF)

An ERF is a superannuation fund designed to protect the superannuation entitlements of lost members and those with small account balances.

PPW does not use an ERF. If you become a lost member or a protected member, PPW maintains your benefits in the Fund where you will continue to receive earnings on your benefits at the same rate as other members.

Your benefit will only be transferred from PPW if you are eligible to request a rollover or your benefit becomes unclaimed money, in which case it will be transferred to the Australian Taxation Office.

Complaints

The Trustee has established a procedure to deal fairly with member complaints. All complaints will be handled in a courteous and confidential manner and will be properly considered and dealt with within 90 days. If you believe you have a complaint, please write to:

Superannuation Complaints Officer
c/o First Super
PO Box 666
Carlton South VIC 3053

Once the Trustee has investigated your complaint, you will receive a written reply explaining the Trustee's decision. If you are not satisfied with this decision, you may choose to take your complaint to the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body established by the Commonwealth Government to review certain types of Trustee decisions. If the Tribunal accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the Fund to come to a mutual agreement. If conciliation is unsuccessful, the complaint will be referred to the Tribunal for a determination which is binding.

There is no time limit for complaints to the Tribunal about most trustee decisions. However, time limits do apply to making certain complaints to the Tribunal in relation to Death & Total and Permanent Disablement (TPD) benefits.

The Tribunal can only deal with a complaint relating to denial of a TPD benefit if:

- a) you claim a TPD benefit from the Fund within two years of permanently ceasing employment (the date your employment is formally terminated rather than the last day you are able to work); and
- b) you lodge your complaint with the Tribunal within two years of the Trustee's original decision to deny your claim. Even if the Trustee is still reviewing your claim and considering new evidence, you must complain to the Tribunal within two years of the original decision.

This report has been printed on paper made in Australia.

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The Tribunal can only deal with a complaint relating to the payment of a death benefit if you object to the Trustee's initial proposal for the distribution of the benefit within 28 days and you lodge your complaint with the Tribunal within 28 days after the Trustee has considered your objection.

If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, you can contact the SCT at:

Superannuation Complaints Tribunal
Locked Bag 3060
GPO Melbourne VIC 3001

t: 1300 780 808
f: 03 8635 5588
e: info@sct.gov.au
w: www.sct.gov.au

If your complaint is outside the jurisdiction of the SCT, you have the right to take your complaint to the following alternate independent resolution body: the Financial Ombudsman Service (FOS). FOS will advise you if they can hear the complaint and can be contacted at:

Financial Ombudsman Service (FOS)
GPO Box 3
Melbourne VIC 3001

t: 1300 780 808
w: www.fos.org.au

This service is provided to you free of charge.

Further information

Any member of the Fund is welcome to a copy of the Fund's audited financial accounts including a copy of the auditor's report, or a copy of the Fund's Trust Deed and Rules.

The Trustee will provide members with any information that they reasonably require to understand their benefit entitlements.

Members are invited to contact the Fund office if they require further information about their investment in the Fund or write to:

Enquiries:

c/o First Super (merged entity)
1 Grattan Street
Carlton VIC 3053

t: 1300 360 988 (Local call costs apply from anywhere in Australia.)

f: 1300 362 899
e: mail@firstsuper.com.au
w: www.firstsuper.com.au