

Message from the Co-Chairs

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

As Co-Chairs of TISS, we are pleased to confirm that on 1 July 2008, the Furniture Industry Retirement & Superannuation Trust (FIRST Super) and the Pulp & Paper Workers Superannuation Fund (PPW) merged with TISS to form First Super.

We welcome you to the now 75,000 member-strong new Fund, which offers members much improved insurance cover, additional investment and pension opportunities and a dedicated Call Centre for the benefit of members and employers.

On behalf of the Trustee Board and the TISS executive team, we would like to thank all past Directors and management for their work in providing valuable superannuation services to the timber and timber products industry since 1985.

Bad year for super funds

The performance of the TISS Fund for the 2007/08 year was very disappointing to say the least, when compared to the returns achieved over the previous five years.* We as Directors are very disappointed with the result.

As you are aware, most superannuation funds including TISS recorded negative returns. We also understand how this must concern members, particularly those closer to retirement.

TISS returns for all three investment options are shown below and on page 3. The results were similar to many other industry funds. However, a negative return is extremely disappointing for all of us, and one that we as Directors must continue to work hard to eliminate.

The following table shows how your investment options have performed to 30 June 2008*:

Superannuation Division	2007/08 crediting rate
Diversified option	-6.60%
Shares option	-15.70%
Secure option	4.40%

* Investments may rise or fall in value. Past performance is not a reliable indicator of future performance. See page 3 for full details.

A major contributor to these results has been the credit crisis, which has seen significant falls in share markets both locally and around the world. With global investment markets remaining extremely volatile, this highlights the challenges ahead for us as Co-Chairs and Directors and the need to focus on, and constantly review, various Fund strategies in a concentrated effort to achieve improved results for members in the times ahead.

The Diversified Option, where the super of most TISS members is invested, has returned an average compound crediting rate of 10.28% p.a. over the past 5 years, and 7.72% p.a. over the last 10*. Although this surpasses the investment objective of achieving long-term returns that exceed CPI inflation by at least 3%-5% on a rolling five-year basis, and is competitive with the returns of comparable funds, the past year has highlighted the need to continue to achieve at least the long-term investment objective.

Extra services from new First Super

Superannuation is a long-term investment, through which members accumulate retirement savings over their working lives. If you wish to review your superannuation and other investment strategies, our successor fund, First Super, provides access to a full-time financial planner who is available to meet with you. First Super also gives you access to commission-free, fee-for-service financial planning and advisory services.

In concluding, we would like to thank you, our members and employers, for your support. Although the past year was disappointing, we assure members that we will continue to represent your interests as Directors of First Super, and work even harder to see the Fund through these most challenging times.

Michael O'Connor

Construction Forestry Mining Energy Union,
Forest & Furniture Products Division

Allan Stewart

Timber Trade Industrial Association

Issued in November 2008 for TISS Pty Ltd, ABN 42 053 498 472 AFSL 223988, RSEL L0003049, Trustee of the Timber Industry Superannuation Scheme (TISS) ABN 56 286 625 181 RSER R1067385. 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.

Operations

This information was current at 30 June 2008, the effective date of this report. On 1 July 2008, the Fund changed its name to First Super.

The Trustee

The Trustee of TISS is TISS Pty Ltd, ABN 42 053 498 472 AFSL 223988, RSEL L0003049, 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.

TISS is a regulated fund. As such, TISS 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 Acting Chief Executive Officer, Colin Cassidy. Colin resigned as Acting CEO on 30 June 2008.

The Board of Directors

The TISS Directors are paid a fee for preparing for and attending meetings. This fee is paid either to the sponsoring organisation or directly to the individual. At 30 June 2008, the Directors of TISS were:

Employer representatives

- Allan Stewart, Timber Trade Industry Association (Co-Chair)
- Lindsay Morling, Forest Industries Association Tasmania
- Greg McCormack, Victorian Association of Forest Industries (resigned 14 April 2008. Not replaced.)

Member representatives

(Nominated by the CFMEU Forestry & Furniture Products Division)

- Michael O'Connor, National Secretary, CFMEU FFPD (Co-Chair)
- Jane Calvert, Victorian State Secretary, CFMEU FFPD
- David Kirner, South Australian State Secretary, CFMEU FFPD

Independent Directors

- Graeme Russell (resigned 6 June 2008. Not replaced.)
- Bob Smith

Please note: A new Board was appointed effective 1 July 2008. Details of the new Board are outlined in the First Super Member Guide (PDS) and the First Super Member Magazine.

Committees

The Trustee has established sub-committees to deal with issues and make recommendations to the full Board.

Service providers

TISS 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, TISS used the following service providers:

Administration:
Super Benefits Administration P/L

Auditor:
Ernst & Young

Insurer:
ING Life Ltd

Investment Advisers:
Frontier Investment Consulting P/L

Legal Adviser:
Slater & Gordon

Master Custodian:
National Custodian Services (National Australia Bank)

Tax Adviser:
Ernst & Young

Actuary:
Mercer

Contents

Investment Performance	3	Strategic Asset Allocation	5
Investment Strategy	4	2007/08 Financial Statements	6
Manager Investment Funds and Direct Investment Funds	4	Important information	7
		Contact us	8

Investment performance

TISS provided members with a choice of three investment options. Historical earnings and crediting rates for each of these options to 30 June 2008 are as follows:

1) TISS Diversified option

Financial year end	Crediting Rate
2008	-6.60%
2007	16.80%
2006	17.00%
2005	13.10%
2004	13.00%
2003	0.10%
2002	-1.95%
2001	8.10%
2000	11.50%
1999	9.00%
1998	9.00%

The average compound crediting rate over the last 5 years is 10.28% p.a. and 7.72% p.a. over 10 years.

2) TISS Shares option

Financial year end	Crediting Rate
2008	-15.70%
2007	20.80%
2006	22.50%
2005	15.00%
2004	20.00%
2003	-9.20%
2002	-12.71%

The average compound crediting rate over the last 5 years is 11.48% p.a. and 4.54% p.a. over the last 7 years.

3) TISS Secure option

Financial year end	Crediting Rate
2008	4.40%
2007	4.80%
2006	3.20%
2005	5.60%
2004	5.00%
2003	6.20%
2002	4.46%

The average compound crediting rate over the last 5 years is 4.60% p.a. and 4.80% p.a. over the last 7 years.

Allocated Pension Division

Crediting rates	Diversified option	Shares option	Secure option
2008	-5.8%	-13.7%	5.2%
2007	17.9%	22.1%	5.1%
2006	18.4%	24.5%	3.5%
2005	14.5%	N/A	N/A
Since inception	10.77% p.a.	9.47% p.a.	4.60% p.a.

Important notes: 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, these investment options were 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, which is very similar to the TISS Diversified option.

Reserves

The Trustee will maintain a reserve for administration and operational purposes only, not for investment smoothing purposes. However in the past (until June 2006), TISS kept a portion of the fund earnings in its reserve account to be used in times of poor investment returns. The investment strategy for any amount held in the reserve is invested in the same way as the funds **Diversified** option.

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

Date	Reserve
30 June 2008	\$3,079,552
30 June 2007	\$3,434,088
30 June 2006	\$2,289,261
30 June 2005	\$1,184,477
30 June 2004	\$1,440,779

Investment strategy

Important note: These investment strategies applied to TISS 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.

Until 30 June 2008, TISS provided members with a choice of three investment options. Each investment option had a different investment return objective, a different blend of assets and different levels of risk.

The following objectives and strategies were common to all three investment options:

- A long-term asset mix was selected to take account of the specific objectives of each portfolio option;
- The Trustee informed members of the investment strategies, their structure and performance at least once per year;

- The investment process was cost-efficient with respect to fees for investment management and advice;
- The long-term strategies were reviewed at least annually; and
- Short-term strategies were controlled by adjusting cash flow between asset classes as the investment environment dictated, whilst considering the long-term strategy.

The investment objectives and strategies for each investment portfolio are outlined on page 5.

Managed Investment Funds and Direct Investment Funds

To help invest your super, we use professionally 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 TISS and the direct investments made throughout the 2007/2008 financial year:

- Acadian Global Equity
- Alliance Alternative Fixed Income Fund (AFIF)
- AMP Property Income Fund
- Barclays International Fund (Hedged)
- BT Core Fund
- Deutsche Global Thematic Fund
- Frontier (Direct)
- Direct Australian Equities
- IFM Australian Infrastructure Fund
- IFM Balanced Index Fund
- IFM International Infrastructure Fund
- IFM International Private Equity Fund I
- IFS/IFAT (Direct Investment)
- ISH/Members Equity (Direct Investment)
- ISPT Core Fund
- Kaplan Equities Fund
- Macquarie Alternative Investment Trust III
- Macquarie Alternative Investment Trust IV
- NAB 11am Cash Account
- Perpetual Cash Enhanced Fund
- Perpetual Wholesale Australian Share Fund
- PIMCO Australian Bond Fund
- PIMCO Global Bond Fund
- Renaissance Smaller Companies Fund
- Super Loans Trust (Members Equity)

Diversified option	Shares option	Secure option
<p>Objectives:</p> <ul style="list-style-type: none"> - To have a reasonable probability of achieving returns that exceed CPI inflation by 4% p.a. over rolling five-year periods; and - The chance of the rate credited to members falling below zero in any financial year being less than one in ten. 	<p>Objectives:</p> <ul style="list-style-type: none"> - To have a reasonable probability of achieving returns that exceed CPI inflation by 5% p.a. over rolling seven-year periods; and - The chance of the rate credited to members falling below zero in any financial year being less than one in five. 	<p>Objectives:</p> <ul style="list-style-type: none"> - To have a reasonable probability of achieving returns that exceed CPI inflation by 2% p.a. over rolling five-year periods; and - The chance of the rate credited to members falling below zero in any financial year being low.
<p>Investment Strategy:</p> <p>To provide attractive investment returns in line with the stated objectives on a rolling five-year basis, this option will invest in asset classes across the risk spectrum, consistent with keeping risk within acceptable limits.</p>	<p>Investment Strategy:</p> <p>To provide higher investment returns on a rolling five-year basis through investments weighted to asset classes at the higher end of the risk/return spectrum, subject to a constraint on overall risk exposure.</p>	<p>Investment Strategy:</p> <p>To provide low-risk positive investment returns in most years through investment in liquid short-term and fixed interest money securities.</p>
<p>Risk Profile:</p> <p>Designed to provide good growth over the mid-to-longer term, while reducing risk through diversification. This option is likely to slightly under-perform the Shares Option over the long term.</p>	<p>Risk Profile:</p> <p>The Shares Option is likely to provide a high degree of volatility and fluctuations in returns, and is at the high end of the risk/return range. The risk may increase by the nature of overseas investments, which means that this option is subject to the considerable extra risk of currency fluctuations and international events. It is likely to outperform the Diversified and Secure options in the longer term.</p> <p>The Shares option is invested in Australian and overseas shares. These allocations may vary at any point in time with Trustee approval and may be expanded in the future to cover infrastructure and property. This option may return negative returns.</p> <p>Investment managers may hedge to reduce exposure to currency fluctuations and risk.</p>	<p>Risk Profile:</p> <p>Designed to provide generally stable returns, and is at the lower end of the risk/return range. However, it is likely to under-perform the Diversified and Shares options for all but the shortest periods.</p>

Strategic Asset Allocation

	Diversified option %	Shares option %	Secure option %
Australian Shares	29	50	
International Shares (Unhedged)	17.5	50	
International Shares (Hedged)	9.5		
Australian Private Equity	4		
International Private Equity	1.5		
Timber	5		
Australian Infrastructure	2.5		
International Infrastructure	2		
Property	10		
Australian Fixed Interest	6		25
International Fixed Interest	6		25
Absolute Return Strategies	2		
Cash	5		50

Empty fields indicate zero asset allocation.

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, Actuarial Report, 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	1,432,434,905	620,309,149
Other assets	17,122,387	4,048,585
FITB	513,416	–
Total Assets	1,450,070,708	624,357,734
Liabilities		
Income Tax payable	-5,345,660	-2,655,364
PDIT	–	-10,968,129
Accounts payable	-2,979,726	-1,222,507
Benefits payable	-252,749	-651,615
Total Liabilities	-8,578,135	-15,497,615
NET ASSETS	1,441,492,573	608,860,119
Represented by Liability for Accrued Benefits		
Members' Funds	1,438,413,021	599,925,006
Reserves	3,079,552	3,434,088
LIABILITY FOR ACCRUED BENEFITS	1,441,492,573	603,359,094
Changes in Financial Position for Year Ended:	30 June 2008 \$	30 June 2007 \$
Revenue		
Revenue from Investments	-40,428,987	90,394,770
Revenue from Contributions	76,634,985	77,322,408
Other revenue	2,501,015	2,275,937
Total Revenue	38,707,013	169,993,115
Total Expenditure	-10,145,356	-8,311,967
Benefits Accrued before Income Tax	28,561,657	161,681,148
Income Tax expense	-1,595,627	-10,740,517
BENEFITS ACCRUED AFTER TAX	26,966,030	150,940,631

Important information

Trust Deed changes

During the year, the Trustee changed the Trust Deed effective 1 July 2008 to reflect the change in Fund name and the merged entity. There were no changes that affected member benefits.

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 or the date that you last switched your investment portfolio (whichever is the latter), 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 of each portfolio and sector, weighted by each portfolio benchmark allocation for the remaining period. The estimated return is then annualised.

Important note: From 1 July 2008, the method of determining interim rates has been replaced by a new monthly crediting rate. Details were set out in the Merger Information we sent you, and can be found in the First Super Member Guide (PDS).

Reserves

TISS 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, but can be in the range of 0.1% to 0.9% of accounts.

Derivatives

TISS 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 managers' Risk Management Statement.

Socially Responsible Investing

Labour standards and environmental, social or ethical considerations may be 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 TISS receive such an assessment, we will deduct the charge directly from your account.

Trustee indemnity insurance

Through IFS Insurance Broking Pty Ltd, we have taken out Trustee Liability insurance. The policy is with American Home Assurance Company.

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 a negative investment return, 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

TISS 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)

In accordance with superannuation legislation, TISS has nominated an Eligible Rollover Fund (ERF) to receive lost members accounts or members with small inactive accounts.

Our nominated ERF is Australia's Unclaimed Super Fund (AUSfund).

Being transferred to AUSFund may affect your benefits because:

- you will cease to be a member of TISS and any insurance cover will cease;
- you will become a member of AUSfund and be subject to its governing rules. If TISS can provide AUSfund with current contact details, AUSfund will send you their current Product Disclosure Statement (PDS). You can ask AUSfund for a copy of their PDS;
- accounts of \$50 or more attract a levy of \$10 per year or part-year, while lower balances are not subject to the levy and do not earn interest. AUSfund generally protects all accounts from erosion due to administration levy, so that the levy cannot exceed the interest credited to each account;
- AUSfund may have a different investment strategy to TISS. You can ask AUSfund for a copy of its PDS for more details;
- AUSfund does not offer insured benefits in the event of death or disability.

You can contact AUSFund at:

AUSfund Administration

PO Box 2468

Kent Town SA 5071

Phone: 1300 361 798 (for the cost of a local call)

Fax: 1300 366 233 (for the cost of a local call)

Email: Admin@AUSfund.net.au

Web: www.unclaimedsuper.com.au

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.

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.

Contact details

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

This report has been printed on paper made in Australia.

Important information: Issued in November 2008 for TISS Pty Ltd, ABN 42 053 498 472 AFSL 223988, RSEL L0003049, Trustee of the Timber Industry Superannuation Scheme (TISS) ABN 56 286 625 181, RSER R1067385. This is general information only and does not take into account your personal circumstances or situation. You should assess your own financial situation, read the new First Super *Member Guide* (PDS) and consult an adviser if required before making a decision to see if this product still meets your needs. Contact First Super on **1300 360 988** for a copy of the PDS or download it from **www.firstsuper.com.au**