

**FINANCIAL STATEMENTS OF**

***FIRST SUPER***

**FOR THE YEAR ENDED 30 JUNE 2009**

# First Super

## Statement of Financial Position

As at 30 June 2009

	Notes (Page #)	Jun-09 \$	Jun-08 \$
<b>ASSETS</b>			
Cash at bank		3,506,565	16,659,126
Investments	3. (12)	1,264,969,826	1,432,434,905
Operating assets	4. (14)	226,471	354,259
Trade and Other receivables	5. (14)	6,904,653	109,002
Deferred tax asset	14. (23)	25,129,694	513,416
<b>TOTAL ASSETS</b>		<b>1,300,737,209</b>	<b>1,450,070,708</b>
<b>LIABILITIES</b>			
Trade and Other payables	6. (14)	(3,374,530)	(2,979,726)
Benefits payable		(2,498,486)	(252,749)
Current tax liabilities		(2,645,279)	(5,345,660)
<b>TOTAL LIABILITIES</b>		<b>(8,518,295)</b>	<b>(8,578,135)</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>		<b>1,292,218,914</b>	<b>1,441,492,573</b>
Represented By:			
<b>LIABILITY FOR ACCRUED BENEFITS</b>			
Members' funds	7. (15)	1,285,220,102	1,438,413,021
Reserves		6,748,812	2,829,552
Regulatory Reserve		250,000	250,000
Total Reserve	10. (17)	6,998,812	3,079,552
<b>Members Funds and Reserves</b>		<b>1,292,218,914</b>	<b>1,441,492,573</b>
<b>LIABILITY FOR ACCRUED BENEFITS</b>		<b>1,292,218,914</b>	<b>1,441,492,573</b>

# First Super

## Operating Statement

For the year ended 30 June 2009

	Notes (Page #)	Jun-09 \$	Jun-08 \$
<b>INVESTMENT REVENUE</b>			
Interest and distributions		10,599,627	5,892,990
Dividends		56,159,681	55,093,175
Other income		1,219,329	485,937
Changes in net market value	12. (19)	(287,283,315)	(101,657,644)
Direct investment expenses		(1,783,969)	(243,445)
Bank interest		270,876	75,615
	11. (17)	<u>(220,817,771)</u>	<u>(40,353,372)</u>
<b>CONTRIBUTION REVENUE</b>			
Employer contributions		106,532,699	40,515,809
Member contributions		7,487,733	5,043,364
Transfers in		37,698,813	29,142,804
Government Co-contributions		3,922,217	1,933,008
		<u>155,641,462</u>	<u>76,634,985</u>
<b>OTHER REVENUE</b>			
Group life insurance proceeds		6,746,500	2,425,400
Proceeds on sale of assets		(10,723)	-
		<u>6,735,777</u>	<u>2,425,400</u>
<b>TOTAL REVENUES FROM ORDINARY ACTIVITIES</b>		<u>(58,440,532)</u>	<u>38,707,013</u>
<b>EXPENDITURE</b>			
Group life insurance premiums		(9,744,607)	(3,478,567)
Administration and Investment	13. (22)	(9,157,185)	(6,666,789)
<b>TOTAL EXPENDITURE FROM ORDINARY ACTIVITIES</b>		<u>(18,901,792)</u>	<u>(10,145,356)</u>
<b>BENEFITS ACCRUED BEFORE INCOME TAX</b>		<u>(77,342,324)</u>	<u>28,561,657</u>
Income tax expense	14. (23)	11,088,188	(1,595,627)
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>		<u>(66,254,136)</u>	<u>26,966,030</u>

## First Super

### Statement of Cash Flows

For the year ended 30 June 2009

	Notes	Jun-09 \$	Jun-08 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Contributions received		155,641,462	78,897,900
Interest received		270,876	75,615
Proceeds from group life policies		6,746,500	2,425,400
Group life premiums paid		(9,744,607)	(3,478,567)
Administration expenses paid		(15,518,279)	(5,913,318)
Direct investment expenses paid		(1,783,969)	-
Benefits paid		(74,027,286)	(35,971,035)
Income tax paid		(16,228,471)	(12,258,234)
Group life proceeds paid to members		(6,746,500)	(2,425,400)
Sundry income		948,453	-
Net cash provided by operating activities		<u>39,558,179</u>	<u>21,352,361</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net placement of cash on investment		(52,798,775)	(21,454,406)
Payments for plant and equipment		88,035	-
Net cash provided by investing activities		<u>(52,710,740)</u>	<u>(21,454,406)</u>
Net increase / (decrease) in cash held		(13,152,561)	(102,045)
ADD OPENING CASH BROUGHT FORWARD		16,659,126	16,761,171
CLOSING CASH BROUGHT FORWARD		<u>3,506,565</u>	<u>16,659,126</u>

## Notes to the Financial Statements

For the year ended 30 June 2009

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements are general purpose statements which have been drawn up in accordance with Australian accounting standards including AAS 25 "Financial Reporting by Superannuation Plans" ("AAS25") as amended by AASB 2005-13 "Amendments to Australian Accounting Standards [AAS25]", the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed.

The financial statements have been prepared in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

Assets of the plan are recorded at net market value as at the reporting date and changes in the net market value of assets are recognised in the Operating Statement in the periods in which they occur. Net market values have been determined as follows: in the case of shares in listed companies and government and other fixed interest securities, by reference to relevant middle market quotations. In the case of other assets on the basis of Trustees' assessments.

#### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents of the International Financial Reporting Standards ("AIFRS"). Since AAS25 is the principal standard that applies to the financial statements, other standards, including AIFRS, are also applied where necessary except to the extent that they differ from AAS25.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the annual reporting period ending 30 June 2009. These are outlined in the table below.

Reference	Title	Application date of standard	Impact on Fund financial report	Application date for Fund*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	1-Jan-09	No change to accounting policy	1-Jul-09
AASB 1039 (revised)	Concise Reporting	1-Jan-09	No change to accounting policy	1-Jul-09
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	1-Jan-09	No change to accounting policy	1-Jul-09
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	1-Jan-09	No change to accounting policy	1-Jul-09
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	1-Jan-09	No change to accounting policy	1-Jul-09
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	1-Jan-09	No change to accounting policy	1-Jul-09
AASB 3 (Revised)	Business Combinations	1-Jul-09	No change to accounting policy	1-Jul-09
AASB 127 (Revised)	Consolidated and Separate Financial Statements	1-Jul-09	No change to accounting policy	1-Jul-09
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	1-Jul-09	No change to accounting policy	1-Jul-09
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1-Jan-09	No change to accounting policy	1-Jul-09

## Notes to the Financial Statements

For the period ended 30 June 2009

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1-Jul-09	No change to accounting policy	1-Jul-09
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1-Jan-09	No change to accounting policy	1-Jul-09
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	1-Jul-09	No change to accounting policy	1-Jul-09
AASB 2008-11	Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities [AASB 3]	1-Jul-09	No change to accounting policy	1-Jul-09
AASB 2009-Y	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	1-Jul-09	No change to accounting policy	1-Jul-09
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	No change to accounting policy	1-Jul-09
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	1-Jul-09	No change to accounting policy	1-Jul-09
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	1-Jan-10	No change to accounting policy	1-Jul-10
Amendments to International Financial Reporting Standards	Amendments to IFRS 3	1-Jan-10	No change to accounting policy	1-Jul-10

\* Designates the beginning of the applicable annual reporting period.

If these accounting standards had been adopted, we do not believe that there would have been a material impact to either the Operating Statement for the year to 30 June 2009 or the Statement of Financial Position as at 30 June 2009.

## Notes to the Financial Statements

For the year ended 30 June 2009

(c) **Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the financial report requires the making of estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities where they are not available from independent sources. The key estimates and assumptions that have a significant risk of causing a material adjustment to the values of assets and liabilities are:

Valuation of Investments and Derivatives

The key assumptions are set out in Note 2 (d)

All amounts are presented in thousands of Australian Dollars unless otherwise stated.

(d) **Investments and Derivatives**

Investments and derivatives of the Fund are recorded at net market value as at the reporting date.

Net market values have been determined as follows:

(i). **Fixed Interest Securities / Listed Shares - Australian and International**

The value of these investments has been determined using the last sale price quoted at balance date.

All such investments are net of any realisation costs (i.e. brokerage and stamp duty) which may apply in the event of disposal.

(ii). **Pooled Superannuation Trusts / Unit Trusts / Property Trusts**

These investments are valued at the redemption price at balance date as advised by the respective investment manager and reflects the Fund's interest in the underlying value of the assets.

(iii). **Life Policies**

These investments are included at their surrender value at balance date, as advised by the insurer.

Where material, estimated costs of realisation have been deducted in determining net market value.

The net fair value of financial assets are considered to be equal to the net market value.

Investments are maintained for the long-term purpose of providing benefits to members on their retirement, reaching a specified age, death or termination of employment. Due to the long-term objective, the amount recoverable through sale within twelve months cannot be determined.

(e) **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Changes in net market values*

Changes in the net market value of assets are calculated as the difference between the net market value at sale, or at balance sheet, and the net market value at the previous valuation point. All changes are recognised in the Operating Statement.

*Contributions and transfers in*

Contributions and transfers in are recognised when control of the asset has been attained and are recorded, gross of any tax, in the period in which they are received.

*Interest*

Revenue is recognised as interest accrues using the effective interest method, which is that rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

*Dividends and Distributions*

Revenue is recognised when the right to receive payment is established.

*Group life insurance proceeds*

Insurance claim amounts are recognised where the insurer has agreed to pay the claim lodged and has transferred the claim amount to the Fund.

## Notes to the Financial Statements

### For the year ended 30 June 2009

(f) **Income tax**

The Fund is a complying superannuation Fund within the provisions of the Income Tax Assessment Act. Accordingly, the concessional tax rate of 15% has been applied.

Income tax on the Operating Statement for the year comprises current and deferred tax. Income tax is reflected in the Operating Statement.

Current tax is the expected tax payable on the taxable income for the year using the concessional tax rate of 15% for Fund income and any adjustment to tax payable in respect of previous years.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases on assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(g) **Foreign Currency**

Both the functional and presentation currency of the Fund is Australian dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the operating result in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.



## Notes to the Financial Statements

### For the year ended 30 June 2009

(h) **Benefits payable**

Benefits payable are valued at net market value which comprises the entitlements of members who ceased employment prior to the year end but had not been paid at that time. Benefits payable are settled within 30 days.

(i) **Receivables and Other Payables**

Receivables are carried at nominal amounts due, which approximate net fair value.

Receivables are normally settled within 30 days. An allowance for uncollectible amounts is only made where there is objective evidence that the debt will not be collected.

Other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity. Payables are normally settled on 30 day terms.

(j) **Cash and cash equivalents**

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to cash.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) **Accrued Benefits**

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries.

This has been calculated as the difference between the carrying amount of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

(l) **Superannuation Contribution Surcharge**

The Superannuation Laws Amendment (abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

Superannuation Contributions Surcharge is levied on surchargeable contributions for the relevant year on the basis of the individual members adjusted taxable income for that year. The liability for the Superannuation Contribution Surcharge is recognised when the assessment is received, as the Trustee considers this is when it can be reliably measured.

The superannuation surcharge liability recognised by the Fund has been charged to the relevant members' accounts.

(m) **Goods and Services Tax (GST)**

Where applicable, GST incurred by the Fund, that is not recoverable from the Australian Taxation Office, has been recognised as part of the expense to which it applies. Receivables and payables are stated with any applicable GST included in the value. The amount of any GST recoverable from, or payable to, the Australian Taxation Office is included as a receivable or payable in the Statement of Financial Position.

(n) **Derecognition of Financial Assets and Financial Liabilities**

A financial asset is derecognised when:

- \* the rights to receive cash flows from the asset have expired; or
- \* The Fund transfers substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## **Notes to the Financial Statements**

**For the year ended 30 June 2009**

**(o) Excess Contributions Tax**

The Australian Taxation Office may issue release authorities to members of the Fund relating to the relevant member's excess contributions tax that is payable in respect of the member's concessional and/or non-concessional contributions for a particular year. where a member receives an excess contributions tax release authority, the member:

- \* may give the release authority relating to the member's concessional contributions to a fund for payment; and
- \* must give the release authority relating to the member's non-concessional contributions to a fund for payment.

Release authorities may be issued by the Australian Taxation Office from 1 July 2007 in relation to transitional non-concessional contributions received by the Fund between 9 May 2006 and 30 June 2007. Release authorities in relation to concessional and/or non-concessional contributions received from 1 July 2007 may be issued from the Australian Tax Office from 1 July 2008.

The liability for the excess contributions tax will be recognised when the relevant release authorities are received from the members, as the Trustee considers this is when it can be reliably measured.

The excess contributions tax liability recognised by the Fund will be charged to the relevant member's accounts.

**(p) No-TFN Contributions Tax**

Where a member does not provide their tax file number to a fund, the Fund may be required to pay no-TFN contributions tax at a rate of 31.5% which is in addition to the concessional tax rate of 15% which applies to the Fund's taxable income.

The no-TFN contributions tax liability recognised by the Fund will be charged to the relevant member's accounts. Where a tax offset is obtained by the Fund in relation to members' no-TFN contributions tax, the tax offset will be included in the relevant members' accounts.

**(q) Comparatives Figure**

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures. The Statement of Financial Position is the merged funds i.e. PPW, First and TISS while the Operating Statement is the Timber Industry Superannuation Scheme.

## First Super

# Notes to the Financial Statements

For the year ended 30 June 2009

## 2. OPERATION OF THE Fund

Establishment date:	25 March 1985
Type of Fund:	Defined contribution and pension fund
Nature of industry:	Forest and wood products industry
Trustee:	First Super Pty Ltd.
Basis of employer contributions:	At rates provided under the Trust Deed
Basis of member contributions:	Subject to a limit set by the Deed and legislation
Insurance coverage:	Provided for members - ING
Administrator:	Super Benefits Administration Pty Ltd

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993 the Fund was registered with the Australian Prudential Regulation on 9th June 2006 (registration no R106735).

On the 30th June 2008, Pulp and Paper Workers Superannuation fund ("PPW") and Furniture Industry Retirement Superannuation Trust ("FIRST") merged with Timber Industry Superannuation Scheme ("TISS") via successor fund agreement. TISS changed its name to FIRST Super on the 1st July 2008.

### Interest Allocation to Members:

As a result of the merger on 30 June 2008 the members of Pulp and Papers Workers Superannuation Fund ("PPW") and Furniture Industry and Retirement Superannuation Trust ("FIRST") received interest allocations based on the performance of their separate individual funds over the period.

Interest is allocated to Members at rates declared by the Trustee. Interest is credited monthly to Members' accounts.

At 30 June 2009, allocated members funds include contributions and adjustments for tax and fees. Investment earnings are included in total members funds.

		2009	2008
<b>FIRST Super</b>			
Accumulation Division	Growth	-14.44%	-
Accumulation Division	Capital Stable	3.34%	-
Accumulation Division	High Growth	-19.81%	-
Accumulation Division	Conservative Growth	-9.52%	-
Pension Division	Growth	-15.69%	-
Pension Division	Capital Stable	3.95%	-
Pension Division	High Growth	-21.51%	-
Pension Division	Conservative Growth	-10.40%	-
<b>TISS</b>			
Accumulation Division	Diversified Growth	-	-6.6%
Accumulation Division	Shares Option	-	-15.7%
Accumulation Division	Secure Option	-	4.4%
Pension Division	Diversified Growth	-	-5.8%
Pension Division	Shares Option	-	-13.7%
Pension Division	Secure Option	-	5.20%
<b>FIRST</b>			
Accumulation Division	Cash Plus	-	4.7%
Accumulation Division	Core	-	-6.3%
Accumulation Division	Shares	-	-14.8%
Accumulation Division	Diversified	-	-4.3%
<b>PPW</b>			
Accumulation Division	Growth	-	-9.2%

## Notes to the Financial Statements

For the year ended 30 June 2009

## 3. INVESTMENTS

The investments and derivatives of the Fund (other than short term deposits) are managed on behalf of the Trustee by selected investment managers. The custodian holding the shares and fixed interest securities is National Asset Servicing. The Fund is invested in the following Funds, Managed Investment Scheme and Trusts.

	Jun-09 \$	Jun-08 \$
<b>Australian Equities</b>		
<i>Listed Equities</i>		
Barclays Australian Alpha Equity Fund	61,060,638	79,356,657
BT Core Fund	36,982,884	43,902,578
Domestic Equity Transition	140,935	-
Eley Griffiths Group Smaller Companies Fund	7,974,656	9,741,858
GMO Long/Short Fund	24,705,959	33,369,354
IFM Enhanced Index Fund	81,148,229	52,983,469
Maple Brown Abbott Australian Equity Fund	83,097,929	64,531,354
Orion Australian Share Fund	(91)	48,359,558
Perpetual Wholesale Australian Share Fund	51,106,279	62,281,061
Renaissance Smaller Companies Fund	12,847,652	17,878,357
Schroders Equities Fund	-	31,429,744
<b>Total Listed Equities</b>	<b>359,065,070</b>	<b>443,833,990</b>
<i>Unlisted/Private Equities</i>		
Frontier (Direct Investment)	166,431	194,520
IFS/IFAT (Direct Investment)	-	3,773,818
ING Private Equity Fund I	2,234,000	2,615,000
ISH/Members Equity (Direct)	16,470,720	16,058,332
Super Benefits Administration Pty Ltd (Direct Investment)	755,909	757,000
Macquarie Alternative Investment Trust I	750,508	1,175,284
Macquarie Alternative Investment Trust III	19,998,328	25,578,502
Macquarie Alternative Investment Trust IV	19,985,382	22,633,469
Quay Australian 3 Fund	4,663,118	3,268,056
Quay Australian 4 Fund	1,032,151	677,486
<b>Total Unlisted Equities</b>	<b>66,056,547</b>	<b>76,731,467</b>
<b>International Equities</b>		
<i>International Share fund</i>		
Acadian Global Equity Fund	74,436,025	46,228,120
Alliance Bernstein Global Style Blend Fund	-	30,634,252
Barclays International Fund (Hedged)	59,328,839	26,683,044
Capital International Global Equity Fund (Hedged)	58,068,089	-
Capital International Global Equity Fund (Unhedged)	17,754,567	-
CSAM Hedged International Share Fund	-	85,165,424
CSAM Unhedged International Share Fund	-	32,773,858
Deutsche Global Thematic Fund	44,815,236	29,077,563
International Equity Transition	444,640	43,366,614
Legg Mason Emerging Markets Fund	-	14,289,411
Maple Brown Abbott - International Equity Trust	-	22,711,014
<b>Total International Share fund</b>	<b>254,847,396</b>	<b>330,929,300</b>
<i>International Private Equity</i>		
IFM Global Equities Trust	6,061,220	7,028,198
Wilshire Pooled Superannuation Trust	10,084,663	9,098,791
<b>Total International Private Equity</b>	<b>16,145,883</b>	<b>16,126,989</b>

## First Super

# Notes to the Financial Statements

For the year ended 30 June 2009

	Jun-09	Jun-08
	\$	\$
<b>Property</b>		
AMP Core Property Fund	29,762,903	33,680,432
AMP Property Income Fund	10,105,640	12,320,035
Dexus Property Fund	7,858,869	9,300,393
Fortius Opportunistic Property Fund I	4,602,697	6,679,759
Franklin International Real Estate Fund 2	3,238,721	3,209,621
ISPT Core Fund	83,274,086	99,374,047
<b>Total Property</b>	<b>138,842,916</b>	<b>164,564,287</b>
<b>Other</b>		
Forestry (Direct Investment)	1,881,595	4,169,941
<b>Total Other</b>	<b>1,881,595</b>	<b>4,169,941</b>
<b>Australian Infrastructure</b>		
AMP Capital Investors	8,000,878	7,087,960
Hastings UTA	7,361,373	7,170,698
IFM Australian Infrastructure Fund	47,788,444	48,580,042
<b>Total Australian Infrastructure</b>	<b>63,150,695</b>	<b>62,838,700</b>
<b>International Infrastructure</b>		
BGI Global Infrastructure Fund	-	6,928,439
IFM International Infrastructure Fund	26,304,950	33,458,464
<b>Total Australian Infrastructure</b>	<b>26,304,950</b>	<b>40,386,903</b>
<b>Absolute Return Strategies</b>		
GMO Multi-Strategy Fund	18,518,957	18,134,427
Kaplan Equities Fund	-	15,907,241
State Street Asia Pacific Fund	-	21,234,689
Warakirri/Mesirow Advanced Strategies Fund	7,329	22,954,848
<b>Total Absolute Return Strategies</b>	<b>18,526,286</b>	<b>78,231,205</b>
<b>Fixed Interest</b>		
Alliance Alternative Fixed Income Fund	20,264,712	19,624,957
Barclays Enhanced Fixed Interest Fund	27,904,259	16,279,605
Legg Mason Diversified Fixed Income Fund	-	15,259,464
Perennial/Western Global Bond Fund	-	15,137,762
PIMCO Fixed Interest Fund	90,246,015	61,216,536
Principal Global Strategic Income Fund	-	9,472,789
Super Loans Trust (Members Equity)	12,579,611	11,410,931
<b>Total Fixed Interest</b>	<b>150,994,597</b>	<b>148,402,044</b>
<b>Cash &amp; Capital Guaranteed</b>		
AMP Capital Guaranteed	-	11,103,589
CFS - Premium Enhanced Cash Fund	102,430,005	-
NAB 11 am Account	25,260,002	4,450,662
Perpetual Cash Enhanced Fund	-	20,062,801
UBS Cash Enhanced Fund	41,463,884	30,603,027
<b>Total Cash &amp; Capital Guaranteed</b>	<b>169,153,891</b>	<b>66,220,079</b>
<b>Total Investments</b>	<b>1,264,969,826</b>	<b>1,432,434,905</b>

Refer to Note 1 d) for the methods and assumptions adopted in determining the fair values of investments.

## Notes to the Financial Statements

For the year ended 30 June 2009

<b>4. OPERATING ASSETS</b>	<b>Jun-09</b>	<b>Jun-08</b>
	<b>\$</b>	<b>\$</b>
Vehicles - cost	419,958	421,113
Vehicles - accumulated depreciation	193,487	123,113
	<u>226,471</u>	<u>298,000</u>
Office equipment/furniture/computer - cost	-	86,880
Office equipment/furniture/computer - accumulated depreciation	-	30,621
	<u>-</u>	<u>56,259</u>
<b>Total operating assets</b>	<b><u>226,471</u></b>	<b><u>354,259</u></b>
<b>5. TRADE AND OTHER RECEIVABLES</b>	<b>Jun-09</b>	<b>Jun-08</b>
	<b>\$</b>	<b>\$</b>
Recoverable within 12 months		
Sundry Debtor	6,546,905	1,093
Prepayments	252,923	41,927
GST Receivable	104,825	65,982
ATO Refund		
<b>Total other receivables</b>	<b><u>6,904,653</u></b>	<b><u>109,002</u></b>
<b>6. TRADE AND OTHER PAYABLES</b>	<b>Jun-09</b>	<b>Jun-08</b>
	<b>\$</b>	<b>\$</b>
Due within 12 months		
<b>a General</b>		
Administration	(462,281)	(1,877,416)
Audit/tax/legal services	(44,780)	(82,800)
Custodian fees	(205,169)	(70,940)
Insurance	(1,685,365)	(274,165)
Investment consulting	(30,652)	(15,689)
Investment Manager	(213,841)	(9,211)
	<u>(2,642,088)</u>	<u>(2,330,221)</u>
<b>b Provisions</b>		
Provision for annual leave	(110,245)	(66,823)
Provision for long service leave	(122,197)	(82,682)
Provision for redundancy	(300,000)	(300,000)
Provision for legal and associated costs	(200,000)	(200,000)
	<u>(732,442)</u>	<u>(649,505)</u>
<b>Total accounts payable</b>	<b><u>(3,374,530)</u></b>	<b><u>(2,979,726)</u></b>

## Notes to the Financial Statements

For the year ended 30 June 2009

## 7. LIABILITY FOR ACCRUED BENEFITS - MEMBERS' FUNDS

	Jun-09 \$	Jun-08 \$
<b>TOTAL MEMBERS FUNDS</b>		
Opening balance for accrued benefits - total members' funds	1,438,413,021	605,426,030
<b>Revenue</b>		
Contributions and member transfers	155,641,462	76,634,985
Interest allocated to members	(202,236,804)	(37,846,838)
Proceeds on insurance	6,746,500	2,425,400
<b>Expenditure</b>		
Insurance	(9,733,293)	(3,529,031)
Administration levies deducted from members accounts	(5,759,384)	(2,526,240)
Cost of member protection	1,087,077	333,326
Forgone benefits	62,912	45,661
Tax expense	(15,981,865)	(6,095,728)
Benefits paid/payable	Note 8 (83,019,524)	(37,997,569)
<b>Closing balance for accrued benefits - members' funds</b>	<b>1,285,220,102</b>	<b>596,869,996</b>
<b>Transfers In</b>		
Pulp and Paper Workers Superannuation Fund	-	331,638,013
Furniture Industry Retirement Superannuation Trust	-	509,905,012
<b>Total Closing balance for accrued benefits - members' funds</b>	<b>1,285,220,102</b>	<b>1,438,413,021</b>

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their membership at balance date.

<b>Vested benefits</b>	<b>1,285,220,102</b>	<b>1,438,413,021</b>
------------------------	----------------------	----------------------

**Guaranteed Benefits**

No guarantees have been made in respect of the liability for accrued benefits.

## Notes to the Financial Statements

For the year ended 30 June 2009

<b>8. BENEFITS PAID/PAYABLE</b>	<b>Jun-09</b>	<b>Jun-08</b>
	<b>\$</b>	<b>\$</b>
Death	(3,553,346)	(1,896,239)
Disability	(845,884)	(670,064)
Hardship	(1,755,775)	(1,090,664)
Retirement	(18,264,747)	(8,167,909)
Pension	(1,232,235)	(686,909)
Rollovers to another Fund / Partial Withdrawal/Leaving Industry	(50,621,037)	(23,060,384)
Group Life Benefits	(6,746,500)	(2,425,400)
<b>Total benefits paid/payable</b>	<b>(83,019,524)</b>	<b>(37,997,569)</b>
<b>9. ALLOCATED PENSION FUND</b>		
<b>Members Funds Opening Balance</b>	<b>8,661,335</b>	<b>3,271,525</b>
<b>Revenue</b>		
Transfers	11,858,054	8,032,703
Employee contributions	1,486	
Interest	(940,695)	(259,906)
<b>Total Revenue</b>	<b>10,918,845</b>	<b>7,772,797</b>
<b>Expenditure</b>		
Pensions	(1,232,235)	(686,909)
Partial Withdrawal	(383,200)	(553,971)
Roll out	(3,414,066)	(1,098,099)
Contributions Tax	(212)	-
Foregone Benefit	3	(2,520)
Administration fees	(54,387)	(41,488)
<b>Total Expenditure</b>	<b>(5,084,097)</b>	<b>(2,382,987)</b>
<b>Net Movement</b>	<b>5,834,748</b>	<b>5,389,810</b>
<b>Members Funds Closing Balance</b>	<b>14,496,083</b>	<b>8,661,335</b>
<b>Allocation by Investment Choice</b>		
Growth	6,653,016	6,643,182
Capital Stable	5,524,727	1,815,025
High Growth	1,582,481	203,128
Conservative Growth	735,859	-
<b>Total Allocation Closing balance</b>	<b>14,496,083</b>	<b>8,661,335</b>



## Notes to the Financial Statements

For the year ended 30 June 2009

10. LIABILITY FOR ACCRUED BENEFITS - RESERVES		Jun-09	Jun-08
		\$	\$
Opening balance for accrued benefits - reserves		3,079,552	3,434,088
Revenue			
Investments		(221,088,647)	(40,428,987)
Sundry income		(10,723)	-
Interest on cash at bank		270,876	75,615
Group life insurance deducted from members accounts		9,733,293	3,529,031
Administration levies deducted from members accounts		5,759,384	2,526,240
Cost of member protection		(1,087,077)	(333,326)
Expenditure			
Interest allocated to members		202,236,804	37,846,838
Administration	Note 13	(9,157,185)	(6,666,789)
Group Life Insurance premiums paid		(9,744,607)	(3,478,567)
Foregone Benefits		(62,911)	(45,661)
Tax		27,070,053	4,500,101
Closing balance for accrued benefits - reserves		6,998,812	958,583
Transfers In			
Pulp and Paper Workers Superannuation Fund		-	1,061,942
Furniture Industry Retirement Superannuation Trust		-	1,059,027
Total Closing balance for accrued benefits - reserves		6,998,812	3,079,552
11. REVENUE - INVESTMENTS		Jun-09	Jun-08
		\$	\$
Acadian Global Equity Fund		(18,626,918)	(12,828,199)
Alliance Bernstein Global Style Blend Fund		(7,282,689)	-
Macquarie Alternative Investment Trust 1		(621,435)	141,678
AMP Capital Investors		(4,100,041)	-
AMP Core Property		(1,502,485)	2,232,365
Alliance Alternative Fixed Income		1,261,190	-
Bank of Ireland		(2)	-
Barclays International Fund (Unhedged)		(46,415,840)	(7,302,456)
Barclays Enhanced Fund		1,705,117	-
BGI Global Infrastructure		225,134	-
BT Core Fund		3,145,624	4,344,781
BT Property Investment Fund		(10,065,318)	(9,503,825)
Capital International Global Equity (Hedged)		4,061,176	-
Capital International Global Equity (Unhedged)		(468,789)	-
CFS Premium Enhanced Cash		1,520,905	-
Credit Suisse Wholesale Funds		(3,101,787)	-
CSAM Hedged International Share Fund		(1,651,676)	-
CSAM Unhedged International Share Fund		(1,437,728)	-
CSAM Flex Intl Shares Fund UCSMFISH		(10,199,173)	-
Deutsche - Wholesale Property Fund		(1,102,372)	-
Deutsche Global Thematic Fund		-	(295,662)
Deutsche International Equities		(7,558,554)	(13,800,132)
Domestic Equity Transition		(1,554,622)	-
Eley Griffiths Group Smaller Companies		(1,767,203)	-
Forestry Investments		(2,182,163)	(1,308,074)

## Notes to the Financial Statements

For the year ended 30 June 2009

11. REVENUE - INVESTMENTS - continued.	Jun-09 \$	Jun-08 \$
Fortius Opportunistic Property Fund I	(2,053,851)	-
Franklin International Real Estate Fund 2	(906,701)	-
Frontier (Direct Investment)	(25,520)	2,248
GMO Long/Short Fund	(8,663,395)	-
GMO Multi-Strategy Fund	408,677	-
Hastings UTA	190,675	-
IFBT/Members Equity	(3,361,429)	3,971,195
IFM Enhanced Index Fund	(4,100,877)	(5,594,152)
IFM Global Equities Trust	(533,839)	290,635
IFM International Infrastructure Fund	(7,153,513)	3,441,791
IFS/IFAT (Direct Investment)	-	738,485
IFM Global Equities Trust	(791,598)	1,519,310
ISPT Core Fund	(14,991,801)	3,301,911
ING Private Equity Fund I	(425,435)	(105,828)
International Equity Transition	(939,371)	-
ISPT	1,609,116	-
Kaplan Equities Fund	(3,663,689)	(2,024,583)
Legg Mason Diversified Fixed Income Fund	(5,281,379)	-
Legg Mason Emerging Markets Fund	(27,647)	-
Macquarie Alternative Investment Trust III	(6,371,357)	39,276
Macquarie Alternative Investment Trust IV	(5,716,080)	(147,023)
Macquarie Alternative Investment Trust I	(314,326)	-
Maple Brown Abbott Australian Equity Fund	(6,281,404)	-
Maple Brown Abbott - International Equity Trust	(3,050,868)	-
NAB 11 am Account	721,167	184,791
Orion Australian Share Fund	(15,011,412)	-
PIMCO Fixed Interest Fund	1,783,438	2,606,684
Perennial/Western Global Bond Fund	(1,725,817)	-
Perpetual Wholesale Australian Share Fund	(11,174,782)	(6,979,723)
Perpetual Cash Enhanced Fund	79,021	678,218
Pimco Global Bond Fund	1,608,865	-
Principal Global Strategic Income Fund	(2,550,571)	-
Quay Australian 3 Fund	(439,144)	-
Quay Australian 4 Fund	(197,963)	-
Renaissance Smaller Companies Fund	(5,030,705)	(5,057,218)
Schroders Equities Fund	(5,963,961)	-
State Street Asia Pacific Fund	(997,921)	-
Super Benefits Administration Pty Ltd (Direct Investment)	(1,092)	757,000
Super Loans Trust (Members Equity)	810,288	267,520
The Super Loans Trust	358,396	-
UBS Cash Enhanced Fund	791,723	-
Warakirri/Mesirow Advanced Strategies Fund	(3,069,640)	-
Wilshire Pooled Superannuation Trust	(642,400)	-
<b>Total revenue - investments</b>	<b>(220,817,771)</b>	<b>(40,389,387)</b>

## First Super

# Notes to the Financial Statements

For the year ended 30 June 2009

### 12. CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS

#### (a) Investments realised during the year

	Jun-09 \$	Jun-08 \$
<b>Infrastructure</b>		
BGI Global Infrastructure Fund	58,548	-
<b>Total - Infrastructure</b>	<b>58,548</b>	<b>-</b>
<b>Property</b>		
AMP Property Income Fund	(1,994)	-
Franklin International Real Estate Fund 2	37,551	-
ISPT Core Fund	-	(287,605)
<b>Total - property</b>	<b>35,557</b>	<b>(287,605)</b>
<b>Shares - Australian</b>		
Barclays Australian Alpha Equity Fund	(61,810)	-
Barclays Australian Equity Fund	(118,598)	-
Domestic Equity Transition	(1,556,329)	-
Macquarie Investments Trust	-	(13,931,745)
Maple Brown Abbott Australian Equity Fund	(11,773,776)	-
Orion Australian Share Fund	(15,898,572)	-
Schroders Equities Fund	(11,680,198)	-
<b>Total - shares (Australian)</b>	<b>(41,089,283)</b>	<b>(13,931,745)</b>
<b>Absolute Return Strategies</b>		
GMO Multi-Strategy Fund	16,707	-
Kaplan Equities Fund	(4,591,880)	-
State Street Asia Pacific Fund	(1,179,956)	-
Warakirri/Mesirow Advanced Strategies Fund	(2,925,417)	-
<b>Total - Absolute Return</b>	<b>(8,680,546)</b>	<b>-</b>
<b>Fixed Interest Securities</b>		
Legg Mason Diversified Fixed Income Fund	(5,713,543)	-
Perennial/Western Global Bond Fund	(2,605,323)	-
PIMCO Fixed Interest Fund	(788,675)	-
Principal Global Strategic Income Fund	(3,254,134)	-
<b>Total - Fixed Interest Securities</b>	<b>(12,361,675)</b>	<b>-</b>
<b>Shares -International</b>		
Alliance Bernstein Global Style Blend Fund	(7,591,283)	-
Barclays International Fund	(2,540,340)	-
CSAM Flexible International Share Fund	(15,109,384)	-
CSAM/Capital International Fund	(3,946,042)	-
CSAM Hedged International Share Fund	(1,697,429)	-
CSAM Unhedged International Share Fund	(2,170,275)	-
Deutsche Global Thematic Fund	-	(1,184,721)
IFM Global Equities Trust	87,506	58,016
International Equity Transition	(793,224)	-
Legg Mason Emerging Markets Fund	(399,174)	-
Maple Brown Abbott - International Equity Trust	(4,010,783)	-
Wilshire Pooled Superannuation Trust	7,290	-
<b>Total - shares (International)</b>	<b>(38,163,138)</b>	<b>(1,126,705)</b>
<b>Cash and Capital Guaranteed</b>		
AMP Capital Guaranteed	(445,506)	-
Perpetual Cash Enhanced Fund	(679,022)	-
UBS Cash Enhanced Fund	(71,224)	-
<b>Total Cash</b>	<b>(1,195,752)</b>	<b>-</b>
<b>Total change in net market value - investments realised</b>	<b>(101,396,289)</b>	<b>(15,346,055)</b>

## First Super

# Notes to the Financial Statements

For the year ended 30 June 2009

(b) Investments held at balance date	Jun-09 \$	Jun-08 \$
<b>Cash and Capital Guaranteed</b>		
AMP Capital Guaranteed	(57,082)	-
Perpetual Cash Enhanced Fund	-	(305,524)
UBS Cash Enhanced Fund	(1,152,551)	-
<b>Total - cash</b>	<b>(1,209,633)</b>	<b>(305,524)</b>
<b>Property</b>		
AMP Core Property Fund	(5,886,210)	786,636
BT Property Fund	(9,968,519)	(9,492,450)
Fortius Opportunistic Property Fund I	(2,077,062)	-
Franklin International Real Estate Fund 2	(951,867)	-
ISPT Core Fund	(19,058,399)	1,339,681
<b>Total - property</b>	<b>(37,942,057)</b>	<b>(7,366,133)</b>
<b>Fixed Interest Securities</b>		
Alliance Alternative Fixed Income Fund	(2,580,602)	(440,592)
Legg Mason Diversified Fixed Income Fund	431,309	-
Pacific Inv Mgt Company Global Fixed Interest Fund	(4,048,510)	(748,244)
Perennial/Western Global Bond Fund	-	-
Principal Global Strategic Income Fund	683,395	-
Super Loans Trust (Members Equity)	(73,799)	(104,558)
<b>Total - fixed interest securities</b>	<b>(5,588,207)</b>	<b>(1,293,394)</b>
<b>Absolute Return</b>		
GMO Multi-Strategy Fund	721,986	-
State Street Asia Pacific Fund	179,802	-
Warakirri/Mesirow Advanced Strategies Fund	73,646	-
<b>Total - Absolute Return</b>	<b>975,434</b>	<b>-</b>
<b>Development Capital</b>		
Hastings UTA	(70,820)	-
IFBT	(3,361,429)	3,971,195
IFM Australian Infrastructure Fund	(7,153,513)	3,441,791
Industry Funds Management (IFM) (formerly DAF)	(840,037)	1,519,310
<b>Total - unit trusts</b>	<b>(11,425,799)</b>	<b>8,932,296</b>
<b>Shares ( Australian)</b>		
Barclays Australian Share Fund	(40,452,917)	-
Eley Griffiths Group Smaller Companies Fund	(1,800,301)	-
Forestry (Direct Investment)	(2,288,347)	(1,559,347)
Frontier (Direct Investment)	(28,089)	-
GMO Long/Short Fund	(8,739,913)	-
IFS/IFAT (Direct Investment)	-	738,485
IFM Enhanced Index Fund	(4,100,877)	(5,594,153)
ING Private Equity Fund I	(431,000)	-
Kaplan Share Fund	-	(2,858,041)
Macquarie Alternative Investment Trust I	(443,537)	-
Macquarie Alternative Investment Trust III	(6,478,905)	(1,757,080)
Macquarie Alternative Investment Trust IV	(7,925,072)	(307,336)
Maple Brown Abbott Australian Equities Fund	646,774	-
Orion Share Fund	886,248	-
Perpetual Wholesale Australian Share Fund	(13,474,067)	(16,148,780)
Quay Australian Fund	(1,435,262)	-
Renaissance Smaller Companies Fund	(6,257,710)	(11,861,342)
Schroders Equities Fund	94,664	-
Super Benefits Administration Pty Ltd (Direct Investment)	(1,092)	757,000
<b>Total - shares (Australian)</b>	<b>(92,229,403)</b>	<b>(38,590,594)</b>

## First Super

### Notes to the Financial Statements

For the year ended 30 June 2009

(b) Investments held at balance date - continued.

	Jun-09 \$	Jun-08 \$
<b>Shares (International)</b>		
Acadian Global Equity Fund	(19,490,067)	(18,249,680)
Alliance Bernstein Global Style Blend Fund	308,594	-
Barclays International Fund	(12,055,407)	(15,749,800)
BGI Global Share Fund	41,280	-
Capital International Global Equity Fund (Hedged)	4,020,773	-
Capital International Global Equity Fund (Unhedged)	(482,846)	-
CSAM Hedged International Share Fund	836,588	-
Deutsche Global Thematic Fund	(9,151,337)	(13,918,269)
IFM Global Equities Trust	(621,776)	232,509
International Equity Transition	(8,288)	-
Legg Mason Emerging Markets Fund	364,343	-
Wilshire Pooled Superannuation Trust	(2,229,218)	-
<b>Total - shares (International)</b>	<b>(38,467,361)</b>	<b>(47,685,240)</b>
<b>Total change in net market value - investments held</b>	<b>(185,887,026)</b>	<b>(86,308,589)</b>
<b>Total Changes in Net Market Value of Investment assets</b>	<b>(287,283,315)</b>	<b>(101,654,644)</b>

## Notes to the Financial Statements

For the year ended 30 June 2009

13. EXPENDITURE - ADMINISTRATION & INVESTMENT COSTS	Jun-09 \$	Jun-08 \$
<b>Administration Costs</b>		
<i>Professional fees</i>		
Accounting	(2,713)	(2,227)
Audit	(138,205)	(96,138)
Tax	(88,463)	(55,127)
Legal	(49,121)	(704,338)
Merger	(54,121)	(901,127)
Other Consultants	(215,426)	(43,923)
<i>Travel &amp; Entertainment</i>		
Accommodation	(25,933)	(17,655)
Airfares	(22,276)	(15,549)
Taxis & Parking	(18,191)	(14,311)
Meetings	(11,443)	(7,318)
Administration	(3,302,190)	(1,977,925)
Bank charges	(20,000)	(8,854)
Co-ordinators	(713,767)	(466,445)
Cost of assets sold	(20,455)	-
Credit control	(10,172)	-
Depreciation	(103,652)	(60,869)
Director fees	(617,605)	(377,000)
Employment	(1,252,080)	(946,854)
General Interest Charge	(3,577)	(23,693)
Government fees & levies	(206,480)	(93,204)
Insurance rebate Hannover Life ACE	(22,242)	-
Marketing	(515,235)	(149,470)
Motor vehicle	(85,188)	(30,575)
Occupancy	(149,895)	-
Office/Administration	(14,841)	(9,138)
Printing & postage annual report	(84,733)	(132,785)
Profit/Loss on sale of assets	(4,137)	-
Subscriptions & Lodgements	(110,248)	(75,628)
Training Seminar / conference	(49,652)	(34,050)
Trustee liability & travel insurance	(72,402)	(24,975)
<b>Total expenditure - administration</b>	<b>(7,984,443)</b>	<b>(6,269,178)</b>
<b>Investment Costs</b>		
Custodial Services	(444,726)	(129,505)
Financial Planning	(36,303)	(29,997)
Investment consulting	(363,226)	(175,429)
Investment manager fee	(328,487)	(62,680)
<b>Total expenditure - investment</b>	<b>(1,172,742)</b>	<b>(397,611)</b>
<b>TOTAL ADMINISTRATION &amp; INVESTMENT COSTS</b>	<b>(9,157,185)</b>	<b>(6,666,789)</b>

## Notes to the Financial Statements

For the year ended 30 June 2009

## 14. INCOME TAX EXPENSE

	Jun-09 \$	Jun-08 \$
Major components of income tax expense for the years ended 30 June 2009 and 2008 are:		
<b>Operating Statement</b>		
<b>Current Income Tax</b>		
Provision Attributable to Current Year	15,344,420	9,339,360
Differences between Tax and Accounting arising in Previous Year	(1,816,330)	3,658,805
<b>Deferred Tax Expense</b>		
Increase/(Decrease) in Deferred Tax Liabilities	(24,616,278)	(11,402,538)
Income tax expense reported in operating statement	<u>(11,088,188)</u>	<u>1,595,627</u>

A reconciliation between income tax expense and the accounting profit before income tax multiplied by the applicable tax rate is as follows:

	Jun-09 \$	Jun-08 \$
Benefits accrued before income tax	(77,342,324)	28,561,657
At the tax rate of 15%	(11,601,349)	4,284,249
 Increase in Tax Expense due to:		
Non Deductible Superannuation Contribution Surcharge	1,960	18,357
Non Deductible administration expenses	-	445
Tax to Accounting Deferred Tax Difference	12,648,388	198,607
 Decrease in Tax Expense due to:		
Differences between Tax and Accounting arising in Previous Year	(1,816,330)	3,658,805
Group Life proceeds	(1,011,975)	(363,810)
Imputation and foreign tax credits	(1,942,569)	(783,149)
Non Assessable Member contributions	(1,123,160)	(756,505)
Non Assessable Transfers in	(5,654,822)	(4,371,421)
Non Assessable Government co-contribution	(588,333)	(289,951)
Income tax expense reported in the operating statement	<u>(11,088,188)</u>	<u>1,595,627</u>

## Deferred tax benefit

Deferred tax benefit at 30 June relates to the following:

Accrued expenses	(81,716)	(12,421)
Annual and long service leave	(34,866)	(22,426)
Insurance premiums	(112,000)	(41,125)
Net unrealised gains in investments subject to CGT	(24,901,112)	(436,131)
Other	-	(1,313)
Gross deferred tax benefit	<u>(25,129,694)</u>	<u>(513,416)</u>

# First Super

## Notes to the Financial Statements

For the year ended 30 June 2009

### 15 a) Reconciliation of Net Cash Provided by Operating Activities to Benefits Accrued from Ordinary Activities after Income Tax

	Jun-09	Jun-08
	\$	\$
Benefits accrued from ordinary activities after tax	(66,254,136)	26,966,030
Benefits paid and payable	(83,019,524)	(37,997,570)
Depreciation expense	39,753	60,869
<b>(Increase)/decrease in assets</b>		
Contributions receivable	-	2,262,915
Trade & other receivables	(6,795,650)	(2,591)
Investments	220,263,854	40,428,987
Future Income Tax Benefit	(24,616,278)	(216,678)
<b>Increase/(decrease) in liabilities</b>		
Benefits payable	2,245,737	398,866
Trade and Other payables	394,804	(1,757,219)
Provision for deferred tax	-	(11,363,986)
Income tax payable	(2,700,381)	2,572,738
	<u>39,558,179</u>	<u>21,352,361</u>
<b>Net cash flow provided by operating activities</b>		

### b) Reconciliation of Cash

	Jun-09	Jun-08
	\$	\$
Cash balance comprises:		
Cash at bank	3,506,565	16,659,126
<b>Total</b>	<u>3,506,565</u>	<u>16,659,126</u>

## 16 RELATED PARTY TRANSACTIONS

### Directors

The following persons held the position of Director of First Super Pty Ltd during part or all of the year.

Michael O'Connor (Co-chair)	Alex Millar	Frank Vari
Allan Stewart (Co-chair)	Kevin Millie	Paul Welfare (resigned 1st April 2009)
Peter Bennett	Lindsay Morling	David Kirner (resigned 1st April 2009)
Jane Calvert	Mike Radda	
Martin Lewis	Bob Smith	

### Officer

Mr Graeme Russell was appointed Company Secretary of First Super Pty Ltd on the 12th August 2008.

### Trustee Company

The Trustee Company of the First Super is First Super Pty. Ltd.

### Transactions with related parties

The following Directors/officers (or former Directors/officers) of the Trustee Company are or were also members of the Fund:

Michael O'Connor (Co-chair)	Lindsay Morling	Jane Calvert	Alex Millar
Allan Stewart (Co-chair)		Martin Lewis	Kevin Millie

Contributions and benefits are determined using the same Trust Deed provisions which apply to all members.



## First Super

# Notes to the Financial Statements

For the year ended 30 June 2009

### 16 RELATED PARTY TRANSACTIONS - continued.

#### Other Related Party Transactions

Messrs. A.Stewart and M.O'Connor are Directors and non beneficial shareholders and G.Russell and M.Radda are Directors of Super Benefits Administration Pty Ltd, which provides administration and other services to the Fund on normal terms and conditions.

Mr M O'Connor is a Director of Frontier Investment Consulting Pty Ltd, which provides consulting services to the Fund on normal terms and conditions.

First Super owns 100% of Super Benefits Administration Pty Ltd which provides administration services to the Fund at a commercial basis at arms length.

The Trustee applied for a license from the Australian Prudential Regulation Authority. The RSE license was granted on 9 June 2006 (license no L0003049) and amended for First Super on the 6th June 2008 effective 1st July 2008.

#### Compensation of Key Management Personnel

	2009	2008
Directors fees and Salary	675,279	540,439
Superannuation	78,000	18,460
<b>Total</b>	<b>753,279</b>	<b>558,899</b>

The Fund pays each director of the Trustee fees for services rendered to the Fund.

#### Co-ordinator Fund Payments

There were three co-ordinators Fund supported by First Super. The total payments for the year ended 30 June 2009 were \$713,767 (2008: \$466,445).

### 17. INSURANCE

The Fund provides death and disability benefits to members. These benefits are greater than the members' vested benefit. The Trustee has taken out insurance to cover the part of the benefit in excess of the vested benefit.

### 18. SEGMENT INFORMATION

The Fund operates solely in one reportable business segment, being the provision of benefits to members. The Fund also operates from one reportable geographic segment, being Australia, from where its activities are managed. Revenue is derived from interest, dividends, property rentals, gains on the sale of investments, unrealised changes in the value of investments, and contributions revenue.

## **Notes to the Financial Statements**

**For the year ended 30 June 2009**

### **19. RISK MANAGEMENT**

#### **(a) Financial Risk Management Objectives, Policies and Processes**

The Fund's principal financial instruments, other than derivatives, comprise units in pooled superannuation trusts, equity securities, insurance policies, fixed interest securities, cash and short-term deposits. The main purpose of these financial instruments is to generate a return on investment.

The Fund also has various other financial instruments such as sundry receivables and payables, which arise directly from its operations and these are mainly current in nature.

The main risks arising from the Fund's financial instruments are interest rate risk, credit risk, market price risk and foreign currency risk. The Trustee reviews and agrees policies for managing each of these risks and they are summarised below. The Fund also monitors the market price risk arising from all financial instruments.

The Trustee is responsible for identifying and controlling the risks that arise from these financial instruments. The Trustee reviews and agrees policies for managing each of these risks as summarised below. The Fund also monitors the market price risk arising from all financial instruments.

Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is monitored by the Trustee. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept. This information is prepared and reported to the Trustee on a regular basis.

The Trustee has the overall responsibility for the establishment and oversight of the funds risk management framework. The Trustee's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks contained within the Funds investment portfolio, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the funds activities.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or when a number of counterparties are engaged in similar business activities, have activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Fund monitors its exposure to ensure concentrations of risk remain within acceptable levels in accordance with the Fund objectives and strategy mandates and reduces exposure to manage the excessive risk concentrations when they arise.

#### **(b) Credit risk**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these investments as disclosed in the Statement of Financial Position.

The Fund holds no collateral as security or any other credit enhancements. There are no significant financial assets that are past due or impaired. Credit risk is managed by the individual managers and monitored by the Trustee.

The credit quality of financial assets is managed by individual investment managers in accordance with investment mandates and regularly monitored.

## Notes to the Financial Statements

For the year ended 30 June 2009

### 19. RISK MANAGEMENT - continued.

#### Risk concentration of credit risk exposure

Concentration of credit risk is managed by counterparty, by geographical region and by industry sector.

There is no significant credit risk by geographical region.

The Funds financial assets are managed by individual investment managers according to the Investment Strategy which includes strategic asset allocations which are reviewed and monitored on a frequent basis. There is no significant industry sector exposure.

#### (c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Cash flow interest rate risk is the risk that future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

To control liquidity and cash flow interest rate risk, the Fund monitors its cash flow and invests in financial instruments, which under normal market conditions are readily convertible to cash. In addition the fund monitors cash flow and maintains sufficient cash and cash equivalents to meet normal operating requirements.

#### (d) Market risk

Market risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market.

Market risk is minimised through ensuring that all investment activities are undertaken in accordance with investment strategies.

#### Interest rate risk

Interest rate risk represents the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing securities held for trading and cash and capital guarantee investments. The Fund has set investment allocation ranges to meet its objectives in each investment option and monitors these ranges.

The sensitivity of the Statement of Changes in Net assets is the effect of the assumed changes in interest rates on the interest income for one year, based on the floating rate financial assets held at 30 June 2009 and changes in fair value of investments for the year, based on revaluing fixed rate financial assets at 30 June 2009.

The following table demonstrates the sensitivity of the Fund's Statement of Financial Position to a reasonably possible change in interest rates based on historical data and expected future movements over the next 12 months, with all other variables held constant.

Currency	Up	Down	Carrying Value Fixed Interest / Cash	Increase on Net Assets	Decrease on Net Assets
2009					
AUD	2%	-3%	320,148,488	6,402,970	(9,604,455)
USD	2%	-3%	0	0	0
2008					
AUD	2%	-3%	168,876,093	3,377,522	(5,066,283)
USD	2%	-3%	45,746,030	914,921	(1,372,381)

## Notes to the Financial Statements

For the year ended 30 June 2009

## 19. RISK MANAGEMENT - continued.

## Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As a result of its investment diversification the Fund holds significant investments in overseas markets and its Statement of financial Position and operating Statement can be affected by movements in US Dollars and Euros when translated to AUD. The fund manages its exposure to foreign currency risk by adhering to mandate limits and allowing individual managers to take out foreign exchange contracts. This foreign exchange policy is monitored against actual on an ongoing basis throughout the year.

The table below indicates the currencies to which the fund has significant exposure at 30 June 2009 on its monetary assets. the analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian Dollar on the Statement of Change in Net Assets, with all other variables held constant.

Currency		Up	Down	Carrying Value	Increase on Net Assets	Decrease on Net Assets
2009						
USD		10%	-10%	11,475,416	1,147,542	(1,147,542)
EUR		10%	-10%	1,881,347	188,135	(188,135)
2008						
USD		10%	-10%	10,401,664	1,040,166	(1,040,166)
EUR		10%	-10%	1,492,571	149,257	(149,257)

## Equity price risk

Equity price risk is the risk that the fair value of investments in equities decreases or increases as a result of changes in market prices, whether those changes are caused by factors specific to the individual share price or factors affecting all equity instruments in the market. equity price risk exposure arises from the Funds investment portfolio.

To limit equity price risk the Trustee diversifies its investment portfolios in line with the Funds various investment options asset allocations. The majority of equity investments are of a high quality and are publicly traded on recognised, reputable exchanges. the Trustee monitors the funds exposure to various indices on an ongoing basis throughout the year ensuring the mandates and asset allocations are maintained.

Following review of the deviation on relevant indices over the past 10 years and expected investment rate movements in 2009 the following movements in other price risks are considered reasonably possible for the 2009 reporting period.

Asset Class		Up	Down	Carrying Value	Increase on Net Assets	Decrease on Net Assets
2009						
Aust. listed Equities		15%	-15%	359,065,070	53,859,761	(53,859,761)
Aust. Unlisted equities		15%	-15%	66,056,547	9,908,482	(9,908,482)
Internat.. listed equities		15%	-15%	254,847,396	38,227,109	(38,227,109)
Property		12%	-12%	138,842,916	16,661,150	(16,661,150)
2008						
Aust. listed Equities		15%	-15%	443,833,990	66,575,099	(66,575,099)
Aust. Unlisted equities		15%	-15%	76,731,467	11,509,720	(11,509,720)
Internat.. listed equities		15%	-15%	330,929,300	49,639,395	(49,639,395)
Property		12%	-12%	164,564,287	19,747,714	(19,747,714)

The Fund's financial assets and liabilities adopted in the Statement of Financial Position are carried at their net market value which approximates their fair values.

## Notes to the Financial Statements

For the year ended 30 June 2009

### 20. AUDITOR'S REMUNERATION

	Jun-09 \$	Jun-08 \$
Amounts received or due and receivable by Ernst & Young for:		
an audit of the financial statements of the entity	138,205	96,138
taxation services in relation to the entity	88,463	32,796
	<u>226,668</u>	<u>128,934</u>

### 21. SIGNIFICANT EVENTS AFTER BALANCE DATE

Between 30 June 2009 and the date of approval of this financial report, there have been no other matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may significantly affect the Fund.

### 22. COMMITMENTS AND CONTINGENT LIABILITIES

#### Investments

The Fund has outstanding capital commitments in relation to unlisted investments contracted for as at the reporting date but not recognised as liabilities as follows.

	Jun-09 \$	Jun-08 \$
Within one year		
Private Equity	43,600,000	0
Property	2,400,000	0
	<u>46,000,000</u>	<u>0</u>

## First Super

### Statement by Trustee

In the opinion of First Super:

1.

The accompanying financial statements of First Super are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and

2.

the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and the Corporations Act 2001 and Regulations and Guidelines during the year.

Signed in accordance with a resolution of First Super Pty Ltd (A.B.N. 42 053 498 472)

Dated in Melbourne this 29th day of September, 2009

Director

Director