

FIRST SUPER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

Statement of Financial Position

As at 30 June 2011

	Notes	Jun-11 \$	Jun-10 \$
ASSETS			
Cash and cash equivalents		5,997,546	3,158,748
Investments	4	1,628,206,082	1,468,067,495
Operating assets	5	38,540	44,635
Trade and Other receivables	6	605,743	4,449,104
Deferred tax asset		17,294,272	20,480,151
TOTAL ASSETS		1,652,142,183	1,496,200,133
LIABILITIES			
Trade and Other payables	7	(4,441,550)	(3,804,937)
Benefits payable		(612,975)	(101,588)
Current tax liabilities		(4,783,641)	(4,708,926)
TOTAL LIABILITIES (excluding net assets available to pay benefits)		(9,838,166)	(8,615,451)
NET ASSETS AVAILABLE TO PAY BENEFITS		1,642,304,017	1,487,584,682
Represented By:			
LIABILITY FOR ACCRUED BENEFITS			
Members' funds	8	1,626,926,691	1,471,507,436
Reserves		15,127,326	15,827,246
Regulatory Reserve		250,000	250,000
Total Reserve	11	15,377,326	16,077,246
Members Funds and Reserves		1,642,304,017	1,487,584,682
LIABILITY FOR ACCRUED BENEFITS		1,642,304,017	1,487,584,682

The statement of financial position is to be read in conjunction with the notes to the financial statements set out in pages 5 to 30.

Operating Statement

For the financial year ended 30 June 2011

	Notes	Jun-11 \$	Jun-10 \$
INVESTMENT INCOME			
Interest income		8,309,496	10,026,783
Dividends and distributions		82,406,894	48,439,316
Other income		1,441,879	1,609,360
Movement in net market value of investments	13	18,050,384	89,626,814
Direct investment expenses		(4,291,620)	(1,642,932)
Bank interest		176,902	117,503
	12	<u>106,093,935</u>	<u>148,176,844</u>
CONTRIBUTION REVENUE			
Employer contributions		124,866,562	117,523,192
Member contributions		8,263,947	6,531,321
Transfers from other funds		48,095,765	27,304,720
Government Co-contributions		1,691,180	4,047,570
		<u>182,917,454</u>	<u>155,406,803</u>
OTHER REVENUE			
Group life insurance proceeds		11,746,900	8,938,900
Sponsorship income		-	25,000
Insurance proceeds		1,500,000	-
Interest Income - ATO		194,879	-
		<u>13,441,779</u>	<u>8,963,900</u>
TOTAL REVENUES		<u>302,453,168</u>	<u>312,547,547</u>
EXPENSES			
Group life insurance premiums		(10,190,625)	(9,704,101)
Administration and Investment	14	(9,545,204)	(8,757,063)
TOTAL EXPENSES		<u>(19,735,829)</u>	<u>(18,461,164)</u>
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX		<u>282,717,339</u>	<u>294,086,383</u>
Income tax expense	15	(24,127,306)	(19,808,525)
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		<u>258,590,033</u>	<u>274,277,858</u>

The operating statement is to be read in conjunction with the notes to the financial statements set out in pages 5 to 30.

Statement of Cash Flows

For the financial year ended 30 June 2011

	Notes	Jun-11 \$	Jun-10 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Employer contributions received		124,866,563	117,523,192
Member contributions received		9,955,127	10,578,891
Roll ins received		48,095,765	27,304,720
Interest received		371,781	117,503
Proceeds from group life policies		11,746,900	8,938,900
Group life premiums paid		(10,190,625)	(9,704,102)
Administration expenses paid		(5,093,938)	(6,009,925)
Direct investment expenses paid		(4,291,620)	(1,642,932)
Benefits paid		(91,612,411)	(72,370,087)
Income tax paid		(20,866,713)	(13,095,335)
Group life proceeds paid to members		(11,746,900)	(8,938,900)
Sundry income		2,941,879	1,491,857
Net cash from operating activities		54,175,808	54,193,782
CASH FLOWS FROM INVESTING ACTIVITIES			
Net placement of cash on investment		(51,371,814)	(54,862,253)
Payments for plant and equipment		34,803	320,654
Net cash provided by investing activities		(51,337,011)	(54,541,599)
Net increase / (decrease) in cash and cash equivalents held		2,838,797	(347,817)
Cash and cash equivalents at the beginning of the financial year		3,158,748	3,506,565
Cash and cash equivalents at the end of the financial year		5,997,546	3,158,748

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out in pages 5 to 30.

Notes to the Financial Statements

For the financial year ended 30 June 2011

1 REPORTING ENTITY

First Super Superannuation Fund (the "Fund") is a superannuation fund domiciled in Australia. The address of the Fund's registered office is Level 3, 200 Arden Street, North Melbourne VIC 3051. The Fund was established by a Trust Deed dated 25 March 1985, as amended.

For the purposes of the Superannuation Industry (Supervision) Act 1993 ("SIS") and its Regulations, the Fund is a defined contribution and pension fund.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which have been prepared in accordance with Australian accounting standards AAS 25, other applicable Accounting Standards, and the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

International Financial Reporting Standard ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB. Certain requirements of AAS 25 however differ from the equivalent requirements that would be applied under IFRS.

The financial statements were authorised for issue by the Board of Directors of the Trustee, First Super Pty Ltd on 27 September 2011.

(b) Basis of measurement

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 Trustee's assessments.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Valuation of Investments and Derivatives

(e) Property, Plant and equipment

(i). Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Notes to the Financial Statements

For the financial year ended 30 June 2011

(ii). Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii). Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in statement of comprehensive income on a diminishing value over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

	2011	2010
Operating Assets	8 years	8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate

(f) 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.

(g) 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:

Movement in net market values of Investments

Changes in the net market value of investments (including investment property) are recognised as income and are determined as the difference between the net market value at year-end or consideration received (if sold during the year) and the net market value as the prior year-end or cost (if the investment was acquired during the period).

Contributions revenue and transfers

Contributions revenue and transfers in are recognised when control and the benefit from the revenue have transferred to the Fund and is recognised gross of any taxes.

Interest revenue

Interest income is recognised in the operating statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at reporting date, is reflected in the statement of financial position as a receivable at net market value.

Notes to the Financial Statements

For the financial year ended 30 June 2011

Distributions

Distributions from managed investment schemes are recognised as at the date the unit value is quoted ex-distribution and if not received at reporting date, are reflected in the statement of financial position as a receivable at net market value.

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.

(h) **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 tax rates enacted or substantively enacted at the statement of financial position date 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.

(i) **Foreign Currency**

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

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the rate of exchange ruling at that date.

Foreign exchange differences arising on the translation are recognised in the operating statement 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.

(j) **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.

(k) **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.

Notes to the Financial Statements

For the financial year ended 30 June 2011

(l) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(m) Accrued Benefits

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries arising from membership of the Fund up to reporting date.

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 reporting date

(n) Employee benefits

(i). Long-term service benefits

The Fund's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Fund's obligations.

(ii). Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Fund expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Fund as the benefits are taken by the employees.

(o) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(p) 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 member's 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.

(q) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). In circumstances where the GST is not recoverable, the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the Financial Statements

For the financial year ended 30 June 2011

(r) 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.

(s) 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.

(t) 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.

(u) Comparatives Figure

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(v) Issue standards not early adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Fund in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report.

* AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Fund's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the Fund adopts the standard for the year ended 30 June 2012 or earlier. The Fund has not yet determined the potential effect of the standard.

Notes to the Financial Statements

For the financial year ended 30 June 2011

3 OPERATIONS OF THE FUND

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 - OnePath
Administrator:	Super Benefits Administration Pty Ltd

Interest Allocation to Members:

Interest is allocated to Members at rates declared by the Trustee. Interest is credited monthly to Members' accounts.
At 30 June 2011, allocated members funds include contributions and adjustments for tax and fees. Investment earnings are included in total members funds.

		2011	2010
FIRST Super			
Accumulation Division	Balanced	6.70%	11.00%
Accumulation Division	Cash	4.50%	3.40%
Accumulation Division	Shares Plus	9.00%	13.90%
Accumulation Division	Conservative Balanced	7.30%	10.30%
Pension Division	Balanced	7.50%	12.80%
Pension Division	Cash	5.30%	4.00%
Pension Division	Shares Plus	9.74%	15.00%
Pension Division	Conservative Balanced	8.22%	11.50%

Notes to the Financial Statements

For the financial year ended 30 June 2011

4 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 schemes and trusts.

	Jun-11 \$	Jun-10 \$
Australian Equities		
<i>Listed Equities</i>		
BT Australian Equity Mandate	105,303,763	94,793,477
Domestic Equity Transition	-	35
Eley Griffiths Group Smaller Companies Fund	-	9,580,739
Eley Griffiths Small Co Mandate	28,592,281	-
IFM Enhanced Index Fund	73,595,819	69,664,224
Invesco Small Caps Australian Equity Fund	9,518,260	7,598,707
Maple Brown Abbott Australian Equity Fund	76,555,879	82,729,544
Perpetual Australian Equity Mandate	98,969,363	87,542,786
Total Listed Equities	392,535,365	351,909,512
<i>Unlisted/Private Equities</i>		
Frontier (Direct Investment)	309,355	282,710
ING Private Equity Fund I	1,273,079	2,034,007
ISH/Members Equity (Direct)	22,584,492	20,312,729
Super Benefits Administration Pty Ltd (Direct Investment)	1,259,138	1,259,138
Macquarie Alternative Investment Trust I	789,794	908,440
Macquarie Alternative Investment Trust III	18,587,926	23,535,102
Macquarie Alternative Investment Trust IV	29,052,012	27,339,580
Quay Australian 3 Fund	7,679,244	6,396,396
Quay Australian 4 Fund	1,958,647	1,444,621
Quay Partners First Trust	462,400	-
Total Unlisted Equities	83,956,087	83,512,723
International Equities		
<i>International Share fund</i>		
Acadian Global Equity Fund	-	75,976,080
Barclays International Fund (Hedged)	-	3,884
BlackRock Unhedged World Equity Fund	53,106,900	36,352,331
BlackRock Hedged World ex-Australia Equity Index Fund	1,640,379	2,623,520
Capital International Global Equity Fund (Unhedged)	87,051,271	86,117,307
Deutsche Global Thematic Fund	49,866,505	49,096,722
International Equity Transition	5	37,604
Orbis Global Equity Fund	72,519,463	-
Total International Share fund	264,184,523	250,207,448
<i>International Private Equity</i>		
IFM Global Equities Trust	4,685,641	5,867,825
Wilshire Pooled Superannuation Trust	10,104,097	11,210,079
Westbourne FY 1	15,039,808	-
Total International Private Equity	29,829,546	17,077,904

Notes to the Financial Statements

For the financial year ended 30 June 2011

	Jun-11	Jun-10
	\$	\$
Property		
AMP Core Property Fund	33,942,114	30,981,802
AMP Property Income Fund	8,768,331	8,736,978
Dexus Property Fund	-	33,762
Fortius Opportunistic Property Fund I	5,876,648	5,558,804
Franklin International Real Estate Fund 2	2,017,615	2,717,313
ISPT Core Fund	89,752,597	82,743,391
QIC Property Fund	53,132,825	-
Total Property	193,490,130	130,772,050
Other		
Forestry (Direct Investment)	590,733	1,334,620
Total Other	590,733	1,334,620
Australian Infrastructure		
AMP Capital Investors	8,416,600	8,418,257
Hastings UTA	8,883,732	7,871,508
IFM Australian Infrastructure Fund	62,133,803	55,095,179
Total Australian Infrastructure	79,434,135	71,384,944
International Infrastructure		
IFM International Infrastructure Fund	32,320,269	28,561,719
Total International Infrastructure	32,320,269	28,561,719
Fixed Interest		
IFM Alternative Fixed Income Fund	25,220,257	23,177,528
Barclays Enhanced Fixed Interest Fund	-	1,833
BlackRock Indexed Australian Bond Fund	98,706,039	93,428,272
BlackRock Overseas Bond Index Fund	36,805,183	34,515,492
IFM Australian Credit Opportunities Mandate	49,933,571	41,098,695
PIMCO Fixed Interest Fund	86,555,734	77,587,170
PIMCO Australian Focus Fund	70,825,496	66,745,182
Super Loans Trust (Members Equity)	14,338,913	13,535,690
Total Fixed Interest	382,385,193	350,089,862
Cash & Capital Guaranteed		
CFS - Premium Cash Fund	53,586,453	103,192,025
Short term cash	115,893,647	80,024,688
Total Cash & Capital Guaranteed	169,480,100	183,216,713
Total Investments	1,628,206,082	1,468,067,495

Refer to Note 2 f) for the methods and assumptions adopted in determining the fair values of investments.

Notes to the Financial Statements

For the financial year ended 30 June 2011

5 OPERATING ASSETS	Jun-11	Jun-10
	\$	\$
Vehicles - cost	64,501	99,304
Vehicles - accumulated depreciation	(25,961)	(54,669)
Total operating assets	38,540	44,635
6 TRADE AND OTHER RECEIVABLES	Jun-11	Jun-10
	\$	\$
Recoverable within 12 months		
Sundry Debtor	150,000	4,059,457
Prepayments	213,602	278,507
GST Receivable	242,141	111,140
Total other receivables	605,743	4,449,104
7 TRADE AND OTHER PAYABLES	Jun-11	Jun-10
	\$	\$
Due within 12 months		
a General		
Administration	(1,283,234)	(735,092)
Audit/tax/legal services	(60,500)	(60,500)
Custodian fees	(117,778)	(112,119)
Insurance	(1,744,450)	(1,916,410)
Investment Consulting	(34,833)	(34,833)
Investment Management	(685,099)	(427,133)
PAYG withholding Staff	(11,614)	(24,993)
	(3,937,508)	(3,311,080)
b Provisions		
Provision for annual leave	(68,019)	(67,185)
Provision for long service leave	(30,529)	(21,178)
Provision for redundancy	(205,494)	(205,494)
Provision for legal and associated costs	(200,000)	(200,000)
	(504,042)	(493,857)
Total accounts payable	(4,441,550)	(3,804,937)
8 LIABILITY FOR ACCRUED BENEFITS - MEMBERS' FUNDS	Jun-11	Jun-10
	\$	\$
TOTAL MEMBERS FUNDS		
Opening balance for accrued benefits - total members' funds	1,471,507,436	1,285,220,102
Revenue		
Contributions and member transfers	182,917,454	155,406,803
Interest allocated to members	99,560,967	133,073,864
Proceeds on insurance	11,746,900	8,938,900
Expenditure		
Insurance	(10,164,101)	(9,696,994)
Administration levies deducted from members accounts	(5,273,152)	(5,196,558)
Adjustments	-	-
Cost of member protection	199,811	196,043
Forgone benefits	169,042	105,844
Tax expense	(19,866,968)	(17,628,479)
Benefits paid/payable	(103,870,698)	(78,912,089)
Closing balance for accrued benefits - members' funds	1,626,926,691	1,471,507,436
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.		
Vested benefits	1,626,926,691	1,471,507,436
Guaranteed Benefits		
No guarantees have been made in respect of the liability for accrued benefits.		

Notes to the Financial Statements

For the financial year ended 30 June 2011

9	BENEFITS PAID/PAYABLE	Jun-11	Jun-10
		\$	\$
	Death	(5,813,109)	(3,490,808)
	Disability	(1,446,598)	(437,003)
	Hardship	(2,011,170)	(1,851,129)
	Retirement	(20,547,419)	(14,647,650)
	Pension	(2,332,827)	(1,758,253)
	Rollovers to another Fund / Partial Withdrawal/Leaving Industry	(59,972,675)	(47,788,346)
	Group Life Benefits	(11,746,900)	(8,938,900)
	Total benefits paid/payable	(103,870,698)	(78,912,089)
10	ALLOCATED PENSION FUND		
	Members Funds Opening Balance	20,517,930	14,496,083
	Revenue		
	Transfers	18,694,264	12,445,612
	Interest	2,168,519	1,600,101
	Total Revenue	20,862,783	14,045,713
	Expenditure		
	Pensions	(2,360,304)	(1,699,724)
	Partial Withdrawal	(931,868)	(1,141,218)
	Roll out	(7,700,143)	(5,096,675)
	Contributions Tax	-	-
	Foregone Benefit	(4,952)	1,047
	Administration fees	(90,991)	(82,445)
	Total Expenditure	(11,088,258)	(8,019,015)
	Net Movement	9,774,525	6,026,698
	Members Funds Closing Balance	30,292,455	20,522,781
	Allocation by Investment Choice		
	Balanced	15,667,780	11,185,700
	Cash	6,908,840	4,044,951
	Shares Plus	3,212,471	2,919,932
	Conservative Balanced	4,503,364	2,372,198
	Total Allocation Closing balance	30,292,455	20,522,781
11	LIABILITY FOR ACCRUED BENEFITS - RESERVES	Jun-11	Jun-10
		\$	\$
	Opening balance for accrued benefits - reserves	16,077,246	6,998,812
	Revenue		
	Investments	105,917,033	148,059,341
	Sundry income	1,694,879	25,000
	Interest on cash at bank	176,902	117,503
	Group life insurance deducted from members accounts	10,164,101	9,696,994
	Administration levies deducted from members accounts	5,273,152	5,196,558
	Cost of member protection	(199,811)	(196,043)
	Expenditure		
	Interest allocated to members	(99,560,967)	(133,073,864)
	Administration	(9,545,204)	(8,757,063)
	Group Life Insurance premiums paid	(10,190,625)	(9,704,101)
	Foregone Benefits	(169,042)	(105,844)
	Tax	(4,260,338)	(2,180,046)
	Closing balance for accrued benefits - reserves	15,377,326	16,077,246

Notes to the Financial Statements

For the financial year ended 30 June 2011

12 REVENUE - INVESTMENTS

	Jun-11	Jun-10
	\$	\$
Acadian Global Equity Fund	(703,957)	1,540,055
IFM Alternative Fixed Income Fund	2,042,729	2,912,817
AMP Capital Investors	3,777,641	1,943,370
AMP Core Property Fund	928,346	57,415
Barclays International Fund (Unhedged)	-	19,902,436
Barclays Australian Alpha Equity Fund	-	2,559,592
Blackrock Unhedged World Equity Fund	1,155,801	(451,823)
BlackRock Hedged World ex-Australia Equity Index Fund	616,860	(376,480)
BlackRock Indexed Australian Bond Fund	5,278,287	3,105,848
BlackRock Overseas Bond Index Fund	2,289,691	784,285
BT Australian Equities Mandate	10,527,034	2,629,302
BT Core Fund	-	4,398,824
Capital International Global Equity Fund (Hedged)	-	10,148,347
Capital International Global Equity Fund (Unhedged)	908,861	146,304
CFS Premium Cash Fund	4,301,645	5,776,470
CSAM Hedged International Share Fund	-	7,467
Dexus Wholesale Property Fund	28,725	177,733
Deutsche International Equities	769,783	4,281,485
Domestic Equity Transition	(3,364)	481,642
Eley Griffiths Group Smaller Companies Fund	688,583	1,606,083
Eley Griffiths Mandate	2,830,863	-
Forestry (Direct Investment)	(743,887)	(906,688)
Fortius Opportunistic Property Fund I	318,884	483,401
Franklin International Real Estate Fund 2	(504,065)	(810,527)
Frontier (Direct Investment)	28,010	118,204
GMO Long/Short Fund	-	(419,611)
GMO Multi-Strategy Fund	-	(238,342)
Hastings UTA	1,012,225	510,135
IFBT/Members Equity	140,787	1,178,289
IFM Australian Credit Opportunities Mandate	4,834,945	2,098,825
IFM Enhanced Index Fund	7,931,780	11,016,345
IFM Global Equities Trust	(145,285)	656,143
IFM International Infrastructure Fund	3,758,551	2,256,768
IFM Australian Infrastructure Fund	7,038,625	7,355,174
ISPT Core Fund	7,046,100	5,044,716
ING Private Equity Fund I	52,280	37,228
International Equity Transition	(147,700)	(538)
Invesco Small Caps Australian Equity Fund	1,919,553	98,707
ISPT	1,545,863	1,843,629
Macquarie Alternative Investment Trust III	(243,829)	4,197,881
Macquarie Alternative Investment Trust IV	1,893,647	2,556,941
Macquarie Alternative Investment Trust	97,442	158,325
Maple Brown Abbott Australian Equity Fund	5,332,650	12,140,926
Orbis Global Equity Fund	(1,736,705)	-
PIMCO Australian Focus Fund	4,080,314	4,139,900
PIMCO Fixed Interest Fund	8,968,564	15,846,437
Perpetual Australian Equities Mandate	11,466,715	9,466,527
Perpetual Wholesale Australian Share Fund	-	2,086,591

Notes to the Financial Statements

For the financial year ended 30 June 2011

12 REVENUE - INVESTMENTS - continued.

	Jun-11 \$	Jun-10 \$
QIC Property Fund	3,132,825	-
Quay Australian 3 Fund	667,324	565,849
Quay Australian 4 Fund	70,228	86,447
Quay Partners First Trust	(537,600)	-
Renaissance Smaller Companies Fund	-	3,522,051
Short term Cash	5,066,978	555,884
Super Benefits Administration Pty Ltd (Direct Investment)	-	503,229
Super Loans Trust (Members Equity)	803,223	956,079
UBS Cash Enhanced Fund	-	315,580
Wilshire Pooled Superannuation Trust	(865,686)	94,238
Westbourne YF 1	397,537	-
Investment manager fees	(2,023,886)	(969,071)
Total revenue - investments	106,093,935	148,176,844

13 CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS

(a) INVESTMENTS REALISED DURING THE YEAR

	Jun-11 \$	Jun-10 \$
Infrastructure		
BGI Global Infrastructure Fund	-	(1,984,265)
Total - Infrastructure	-	(1,984,265)
Property		
AMP Property Income Fund	15,153	9,512
Dexus Property Fund	-	(172,219)
Fortius Opportunistic Property Fund I	(133,995)	(14,717)
Franklin International Real Estate Fund 2	(56,070)	(15,427)
ISPT Core Fund	140,822	256,485
Total - property	(34,090)	63,634
Shares - Australian		
Barclays Australian Alpha Equity Fund	-	5,334,974
Barclays Australia Equity Fund	-	1,009,032
BT Australian Equities Mandate	248,972	2,287,661
BT Core Fund	-	4,060,454
Domestic Equity Transition	-	431,631
Eley Griffiths Group Smaller Companies Fund	520,821	-
Eley Griffiths Mandate	581,865	-
GMO Long/Short Fund	-	(8,648,792)
IFM Enhanced Index Fund	152,397	3,314,610
IFM Credit Opportunities Mandate	394,713	(58,678)
Maple Brown Abbott Australian Equity Fund	632,149	6,477,589
Perpetual Australia Equities	-	1,096,476
Perpetual Australia Equities Mandate	354,967	4,166,046
Renaissance Smaller Companies Fund	-	3,113,338
Total - shares (Australian)	2,885,884	22,584,341
Absolute Return Strategies		
GMO Multi-Strategy Fund	-	(238,943)
Total - Absolute Return	-	(238,943)

Notes to the Financial Statements

For the financial year ended 30 June 2011

13 CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS (cont.)

Fixed Interest Securities

BlackRock Indexed Australian Bond Fund

(240)

-

Pimco Australian Focus Fund

-

(376,742)

Total - Fixed Interest Securities

(240)

(376,742)

International Shares

Acadian Global Equity Fund

(2,021,516)

-

Barclays International Fund

(4,181,252)

6,328,106

BlackRock Unhedged World Equity Fund

214

-

Capital International Global Equity Fund (Hedged)

(9,591,896)

8,869,143

Blackrock Hedged World Equities

248,541

IFM Global Equities Trust

(83,853)

(2,541)

International Equity Transition

(158,951)

-

Wilshire Pooled Superannuation Trust

(395)

(3,455)

Total - shares (International)

(15,789,108)

15,191,253

UBS Cash Enhanced Fund

-

369,389

Total Cash

-

369,389

TOTAL CHANGE IN NET MARKET VALUE - INVESTMENTS REALISED

(12,937,554)

35,608,667

Notes to the Financial Statements

For the financial year ended 30 June 2011

(b) INVESTMENTS HELD AT BALANCE DATE

	Jun-11 \$	Jun-10 \$
Cash and Capital Guaranteed		
AMP Capital Guaranteed	(1,657)	417,379
Total - cash	(1,657)	417,379
Property		
AMP Core Property Fund	3,014,713	708,876
Fortius Opportunistic Property Fund I	(155,049)	359,657
Franklin International Real Estate Fund 2	(500,557)	(914,070)
ISPT Core Fund	2,281,602	620,606
QIC Property	1,494,329	-
Total - property	6,135,038	775,069
Fixed Interest Securities		
IFM Alternative Fixed Income Fund	634,517	2,273,759
BlackRock Indexed Australian Bond Fund	221,866	3,105,848
BlackRock Overseas Bond Index Fund	1,539,859	784,285
IFM Australian Credit Opportunities Mandate	1,069,331	750,849
Pacific Inv Mgt Company Global Fixed Interest Fund	2,145,752	13,714,784
PIMCO Australian Focus Fund	(2,142,797)	2,465,725
Super Loans Trust (Members Equity)	(273,388)	432,264
Total - fixed interest securities	3,195,140	23,527,514
Development Capital		
Hastings UTA	687,790	293,816
IFBT	140,787	1,178,289
IFM International Infrastructure Fund	3,758,551	2,256,768
IFM Australian Infrastructure Fund	7,038,625	7,355,174
Total - unit trusts	11,625,752	11,084,047
Shares (Australian)		
BT Australian Equity Mandate	4,576,721	(3,225,943)
Domestic Equity	(3,364)	-
Eley Griffiths Mandate	1,442,383	-
Eley Griffiths Group Smaller Companies Fund	-	1,306,360
Forestry (Direct Investment)	(743,887)	(941,785)
Frontier (Direct Investment)	26,645	116,279
IFM Enhanced Index Fund	7,779,197	7,701,385
ING Private Equity Fund I	(361,687)	(66,996)
Invesco Small Caps Australian Equity Fund	1,690,877	97,929
Macquarie Alternative Investment Trust I	(118,652)	227,523
Macquarie Alternative Investment Trust III	(4,946,435)	2,108,471
Macquarie Alternative Investment Trust IV	646,801	2,559,836
Maple Brown Abbott Australian Equities Fund	1,113	2,685,989
Perpetual Australian Equity Mandate	4,602,964	1,083,797
Quay Australian Fund	311,601	521,892
Quay Partners First Trust	(537,600)	-
Super Benefits Administration Pty Ltd (Direct Investment)	-	503,229
Total - shares (Australian)	14,366,678	14,677,966

Notes to the Financial Statements

For the financial year ended 30 June 2011

(b) INVESTMENTS HELD AT BALANCE DATE (CONTINUED)

	Jun-11 \$	Jun-10 \$
Shares (International)		
Acadian Global Equity Fund	-	529,326
Barclays International Fund	-	(1)
Blackrock Unhedged World Equity Fund	465,281	(446,490)
BGI Global Share Fund	-	(1)
BlackRock Hedged World ex-Australia Equity Index Fund	312,862	(376,480)
Capital International Global Equity Fund (Unhedged)	(2,096,121)	(69,460)
Deutsche Global Thematic Fund	369,073	3,164,933
IFM Global Equities Trust	(61,447)	658,670
International Equity Transition	-	(2,446)
Orbis Global Equity Fund	(1,736,705)	-
Wilshire Pooled Superannuation Trust	(1,779,921)	78,121
Westbourne YF	193,965	-
Total - shares (International)	(4,333,013)	3,536,172
TOTAL CHANGE IN NET MARKET VALUE - INVESTMENTS HELD	30,987,939	54,018,147
TOTAL CHANGE IN NET MARKET VALUE OF INVESTMENT ASSETS	18,050,384	89,626,814

Notes to the Financial Statements

For the financial year ended 30 June 2011

14	EXPENDITURE - ADMINISTRATION & INVESTMENT COSTS	Jun-11 \$	Jun-10 \$
	Administration Costs		
	<i>Professional fees</i>		
	Audit	(152,768)	(144,589)
	Tax	(38,797)	(36,256)
	Legal	(96,166)	(73,881)
	Merger	(27,082)	(43,508)
	Other Consultants	(25,868)	(31,400)
	<i>Travel & Accommodation</i>		
	Accommodation	(16,622)	(14,977)
	Airfares	(9,721)	(14,289)
	Taxis & Parking	(5,466)	(13,011)
	Meetings	(5,087)	(4,824)
	Administration	(4,120,933)	(3,572,914)
	Bank charges	(20,560)	(18,515)
	Co-ordinators	(1,401,338)	(1,145,800)
	Credit control	(8,443)	-
	Depreciation	(12,662)	(31,326)
	Director fees	(569,343)	(476,269)
	Employment	(706,982)	(966,456)
	Government Fees & Levies	(359,044)	(212,725)
	Marketing	(489,475)	(521,405)
	Motor Vehicle	(11,302)	(33,591)
	Occupancy	(97,581)	(88,560)
	Office Administration	(20,496)	(12,823)
	Printing & Postage Annual Report	(21,969)	(119,792)
	Profit/Loss on Sale of Assets	(298)	(15,256)
	Subscriptions & Lodgements	(107,247)	(92,528)
	Training, Seminars & Conferences	(50,229)	(28,619)
	Trustee Liability Insurance	(110,593)	(106,076)
	Total expenditure - administration	(8,486,072)	(7,819,390)
	Investment Costs		
	Custodial Services	(497,743)	(434,330)
	Financial Planning	(146,068)	(42,122)
	Investment consulting	(393,788)	(399,024)
	Direct Investment Consulting	-	(62,197)
	Shareholder Advisory & Voting Services	(21,533)	-
	Total expenditure - investment	(1,059,132)	(937,673)
	TOTAL ADMINISTRATION & INVESTMENT COSTS	(9,545,204)	(8,757,063)

Notes to the Financial Statements

For the financial year ended 30 June 2011

15 INCOME TAX EXPENSE IN THE INCOME STATEMENT

	Jun-11 \$	Jun-10 \$
Recognised in the operating Statement		
Current Income Tax		
Current year	18,346,342	16,694,447
Adjustments for prior periods	2,595,085	(1,535,465)
Deferred Tax Expense		
Movement in temporary differences	3,185,879	4,649,543
Total income tax expense	24,127,306	19,808,525

Numerical reconciliation between tax expense and benefits accrued as a result of operations before income tax

Benefits accrued as a result of operations	282,717,339	294,086,383
Tax at the complying superannuation fund tax rate of 15% (2010:15%)	42,407,601	44,112,957
Increase in tax expense due to:		
Non Deductible administration expenses	-	89
Differences between Tax and Accounting arising in Prior Periods	2,595,085	-
No-TFN Contributions Tax	1,136,983	-
Decrease in tax expense due to:		
Differences between Tax and Accounting arising in Prior Periods	-	(1,535,465)
Group Life proceeds	(1,762,035)	(1,340,835)
Imputation and foreign tax credits	(6,572,751)	(4,152,706)
Non Assessable Member contributions	(1,239,592)	(979,698)
Non Assessable Transfers in	(7,214,365)	(4,095,708)
Non Assessable Government co-contribution	(253,677)	(607,136)
Non Assessable Investment Income	(4,969,943)	(11,592,974)
Income tax expense on benefits accrued as a result of operations	24,127,306	19,808,524

Deferred tax assets and liabilities

Deferred tax benefit relates to the following:

Accrued expenses	69,899	69,899
Annual and long service leave	14,782	13,254
Insurance premiums	119,978	114,032
Net unrealised and realised capital losses	17,618,560	20,282,966
Unrealised income/non CGT	(528,947)	-
Net Deferred asset/(liabilities)	17,294,272	20,480,151

Notes to the Financial Statements

For the financial year ended 30 June 2011

16 Reconciliation of Net Cash Provided by Operating Activities to Benefits Accrued from Ordinary Activities after Income Tax

	Jun-11 \$	Jun-10 \$
Benefits accrued from ordinary activities after tax	258,590,033	274,277,858
Benefits paid and payable	(103,870,699)	(78,912,090)
Depreciation expense	(28,708)	(138,818)
(Increase)/decrease in assets		
Trade & other receivables	3,843,361	2,455,549
Investments	(108,766,773)	(148,235,416)
Future Income Tax Benefit	3,185,879	4,649,543
Increase/(decrease) in liabilities		
Benefits payable	511,387	(2,396,898)
Trade and Other payables	636,613	430,407
Income tax payable	74,715	2,063,647
Net cash flow provided by operating activities	54,175,808	54,193,782

	Jun-11 \$	Jun-10 \$
Reconciliation of Cash		
Cash balance comprises:		
Cash at bank	5,997,546	3,158,748
Total	5,997,546	3,158,748

17 RELATED PARTIES

(a) Key management personnel disclosures

The Trustee of the Fund throughout the year was First Super Pty Ltd (ABN 42 053 498 472), RSE Licence No. L000666, Registration No. R1000948).

As an RSE Licensee, the Trustee is regarded as being the Key Management Person and the names of the directors of the Trustee who held office at any time during the financial year ended 30 June 2011 are:

Directors

Michael O'Connor (Co-chair)	Alex Millar	Frank Vari
Allan Stewart (Co-chair)	Kevin Millie	
Peter Bennett	Lindsay Morling	
David Kirner	Mike Radda	
Martin Lewis	Bob Smith	

Officer

Mr Graeme Russell is the Company Secretary of 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	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.

Notes to the Financial Statements

For the financial year ended 30 June 2011

17 RELATED PARTY TRANSACTIONS - continued.

Other Related Party Transactions

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 following amounts are listed at year end in relation to Super Benefits Administration Pty Ltd

	2011	2010
Administration fees paid to Super Benefits Administration Pty Ltd	4,120,933	3,572,914

The following amounts are listed at year end in relation to Super Benefits Administration Pty Ltd

	2011	2010
Sundry Debtor - Fee Rebate to First Super	150,000	900,000
Trade & Other Payables - Administration Fees Owing	(431,796)	(735,092)
Total	(281,796)	164,908

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

	2011	2010
Directors fees and Salary	790,629	624,361
Superannuation	32,889	48,726
Total	823,518	673,087

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

Co-ordinator Fund Payments

There were eight co-ordinators Fund supported by First Super. The total payments for the year ended 30 June 2011 were \$1,401,338 (2010: \$1,145,800).

18 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.

19 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 financial year ended 30 June 2011

20 RISK MANAGEMENT

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.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimising through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

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

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, Euros and British Pounds when translated to Australian Dollars. 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 2011 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
2011						
USD		10%	-10%	9,811,753	1,090,195	(891,978)
EUR		10%	-10%	2,310,834	256,759	(210,076)
GBP		N/A	N/A	0	0	0
2010						
USD		10%	-10%	12,142,572	1,349,175	(1,103,870)
EUR		10%	-10%	1,816,586	201,873	(165,144)
GBP		10%	-10%	6,580	731	(598)

Notes to the Financial Statements

For the financial year ended 30 June 2011

20 RISK MANAGEMENT - continued.

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 2011 and changes in fair value of investments for the year, based on revaluing fixed rate financial assets at 30 June 2011.

At the reporting date the interest rate profile of the Fund's interest-bearing instruments were:

Interest Bearing Instrument	2011	2010
Cash & Cash Equivalents	5,997,546	3,158,748
Cash & Capital Guaranteed	169,480,100	183,216,713
Fixed Interest	382,385,193	350,089,862
Total	557,862,839	536,465,323

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.

Interest Bearing Instrument	Up	Down	Carrying Value Fixed Interest / Cash	Increase on Net Assets	Decrease on Net Assets
2011					
Cash & Cash Equivalents	50bps	-50bp	5,997,546	29,988	(29,988)
Cash & Capital Guaranteed	50bps	-50bp	169,480,100	847,401	(847,401)
Fixed Interest	50bps	-50bp	382,385,193	1,911,926	(1,911,926)
Total			557,862,839	2,789,314	(2,789,314)
2010					
Cash & Cash Equivalents	75bps	-75bps	3,158,748	23,691	(23,691)
Cash & Capital Guaranteed	75bps	-75bps	183,216,713	1,374,125	(1,374,125)
Fixed Interest	75bps	-75bps	350,089,862	2,625,674	(2,625,674)
Total			536,465,323	4,023,490	(4,023,490)

Notes to the Financial Statements

For the financial year ended 30 June 2011

20 RISK MANAGEMENT - continued.

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 2011 the following movements in other price risks are considered reasonably possible for the 2011 reporting period.

Asset Class	Up	Down	Carrying Value	Increase on Net Assets	Decrease on Net Assets
2011					
Aust. listed Equities	15%	-15%	392,535,365	58,880,305	(58,880,305)
Aust. Unlisted equities	15%	-15%	83,956,087	12,593,413	(12,593,413)
Internat. listed equities	15%	-15%	264,184,523	39,627,679	(39,627,679)
Property	15%	-15%	193,490,130	29,023,520	(29,023,520)
Internat. Private Equity	15%	-15%	29,829,546	4,474,432	(4,474,432)
Other	15%	-15%	590,733	88,610	(88,610)
Aust. Infrastructure	15%	-15%	79,434,135	11,915,120	(11,915,120)
Internat. Infrastructure	15%	-15%	32,320,269	4,848,040	(4,848,040)
Total			1,076,340,790	161,451,118	(161,451,118)
2010					
Aust. listed Equities	10%	-10%	351,909,512	35,190,951	(35,190,951)
Aust. Unlisted equities	10%	-10%	83,512,723	8,351,272	(8,351,272)
Internat. listed equities	10%	-10%	250,207,448	25,020,745	(25,020,745)
Property	10%	-10%	130,772,050	13,077,205	(13,077,205)
Internat. Private Equity	10%	-10%	17,077,904	1,707,790	(1,707,790)
Other	10%	-10%	1,334,620	133,462	(133,462)
Aust. Infrastructure	10%	-10%	71,384,944	7,138,494	(7,138,494)
Internat. Infrastructure	10%	-10%	28,561,719	2,856,172	(2,856,172)
Total			934,760,920	93,476,091	(93,476,092)

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.

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 financial year ended 30 June 2011

20 RISK MANAGEMENT - continued.

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.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Group and Fund's financial assets exposed to credit risk amounted to the following:

Asset Class	2011	2010
Cash & Cash Equivalents	5,997,546	3,158,748
Cash & Capital Guaranteed	169,480,100	183,216,713
Fixed Interest	382,385,193	350,089,862
Australian Listed Equities	392,535,365	351,909,512
Australian Unlisted Equities	83,956,087	83,512,723
International listed equities	264,184,523	250,207,448
Property	193,490,130	130,772,050
International Private Equity	29,829,546	17,077,904
Other	590,733	1,334,620
Australian Infrastructure	79,434,135	71,384,944
International Infrastructure	32,320,269	28,561,719
Total	1,634,203,629	1,471,226,243

Notes to the Financial Statements

For the financial year ended 30 June 2011

20 RISK MANAGEMENT - continued.

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.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less Than 1 Month	1-3 Months	3-12 Months	More Than 12 Months
2011				
Sundry Creditors	3,937,508	-	-	-
Vested Benefits	1,626,926,691	-	-	-
Derivative Liabilities				
- Inflows	-	-	269,154	3,225,644
- Outflows	-	-	(8,684)	
2010				
Sundry Creditors	3,311,080	-	-	-
Vested Benefits	1,471,507,436	-	-	-
Derivative Liabilities				
- Inflows	-	-	43,338	2,827,624
- Outflows	-	(48,449)	-	-

Vested benefits have been included in the less than one month column, as this is the amount that members could call upon as at year end. This is the earliest date on which the fund can be required to pay members' vested benefits, however members may not necessarily call upon amounts vested to them during this time.

Notes to the Financial Statements

For the financial year ended 30 June 2011

20 RISK MANAGEMENT - continued.

Fair value measurements recognised in the statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 net market value measurements are those investments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 net market value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)
- Level 3 net market value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2011				
Cash & Cash Deposits	133,225,377	-	-	133,225,377
Listed Equities	279,034,894	-	-	279,034,894
Listed Property Trusts	4,853,078	-	-	4,853,078
Listed Unit Trusts	4,294,032	-	-	4,294,032
Outstanding settlements	4,959,990	-	-	4,959,990
Warrants	3,494,798	-	-	3,494,798
Liabilities	(1,579,948)	-	-	(1,579,948)
Fixed Interest Bonds	-	1,006,780	-	1,006,780
Floating Rate Notes	-	22,352,709	-	22,352,709
Life Insurance Policies	-	33,942,114	-	33,942,114
Mortgage Back Securities	-	20,323,243	-	20,323,243
Preference Shares	-	-	35,000	35,000
Unlisted Equities	-	22,584,492	1,533,493	24,117,985
Unlisted Scheme	-	1,104,143,576	-	1,104,143,576
	428,282,221	1,204,352,914	1,568,493	1,634,203,628

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2010				
Cash & Cash Deposits	89,321,224	-	-	89,321,224
Futures	43,338	-	-	43,338
Listed Equities	238,118,500	-	-	238,118,500
Listed Property Trusts	5,992,077	-	-	5,992,077
Listed Unit Trusts	3,965,511	-	-	3,965,511
Outstanding settlements	9,834,799	-	-	9,834,799
Warrants	2,827,623	-	-	2,827,623
Liabilities	(2,045,535)	-	-	(2,045,535)
Fixed Interest Bonds	-	2,607,214	-	2,607,214
Floating Rate Notes	-	15,644,309	-	15,644,309
Life Insurance Policies	-	30,980,688	-	30,980,688
Mortgage Back Securities	-	20,072,026	-	20,072,026
Preference Shares	-	35,000	-	35,000
Unlisted Equities	-	20,560,439	1,259,138	21,819,577
Unlisted Scheme	-	1,032,009,891	-	1,032,009,891
	348,057,537	1,121,909,568	1,259,138	1,471,226,243

Reconciliation of level 3 net market value measurements of financial assets

	Net market value	
	2011	2010
Opening Balance	1,259,138	755,908
Total Gains or losses in profit or loss	26,645	503,230
Reclassification from Level 2	282,710	-
Closing Balance	1,568,493	1,259,138

Notes to the Financial Statements

For the financial year ended 30 June 2011

21 AUDITOR'S REMUNERATION

	Jun-11 \$	Jun-10 \$
Amounts received or due and receivable by KPMG for: an audit of the financial statements of the entity	66,935	60,500
	<u>66,935</u>	<u>60,500</u>

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-11 \$	Jun-10 \$
Within one year		
Private Equity	119,100,000	30,600,000
Property	26,300,000	1,200,000
	<u>145,400,000</u>	<u>31,800,000</u>

23 SIGNIFICANT EVENTS AFTER BALANCE DATE

Between 30 June 2011 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.

Trustees' declaration to the members

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 2011 and the results of its operations and cash flows for the year ended
2. The operations of First Super Superannuation Fund has been carried out in accordance with its Trust deed dated 25 March 1985, as amended and in compliance with
 - * The requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations;
 - * Applicable sections of the Corporations Act 2001 and Regulations;
 - * The Guidelines issued by The Australian Prudential Regulation Authority on Derivative Risk Statements for Superannuation Entities Investing in Derivatives, during the year ended 30 June 2011; and
3. The financial statements have been prepared in accordance with Accounting Standards, other mandatory reporting requirements and the provisions of the Trust Deed dated (25 March 1985), as amended.

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

Dated in Melbourne this 21st day of September, 2011

Director

Director