

FIRST SUPER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

Statement of Financial Position

As at 30 June 2010

	Notes	Jun-10 \$	Jun-09 \$
ASSETS			
Cash and cash equivalents		3,158,748	3,506,565
Investments	4	1,468,067,495	1,264,969,826
Operating assets	5	44,635	226,471
Trade and Other receivables	6	4,449,104	6,904,653
Deferred tax asset		20,480,151	25,129,694
TOTAL ASSETS		<u>1,496,200,133</u>	<u>1,300,737,209</u>
LIABILITIES			
Trade and Other payables	7	(3,804,937)	(3,374,530)
Benefits payable		(101,588)	(2,498,486)
Current tax liabilities		(4,708,926)	(2,645,279)
TOTAL LIABILITIES (excluding net assets available to pay benefits)		<u>(8,615,451)</u>	<u>(8,518,295)</u>
NET ASSETS AVAILABLE TO PAY BENEFITS		<u>1,487,584,682</u>	<u>1,292,218,914</u>
Represented By:			
LIABILITY FOR ACCRUED BENEFITS			
Members' funds	8	1,471,507,436	1,285,220,102
Reserves		15,827,246	6,748,812
Regulatory Reserve		250,000	250,000
Total Reserve	11	<u>16,077,246</u>	<u>6,998,812</u>
Members Funds and Reserves		<u>1,487,584,682</u>	<u>1,292,218,914</u>
LIABILITY FOR ACCRUED BENEFITS		<u>1,487,584,682</u>	<u>1,292,218,914</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out in pages 5 to 27.

Operating Statement

For the financial year ended 30 June 2010

	Notes	Jun-10 \$	Jun-09 \$
INVESTMENT INCOME			
Interest income		10,026,783	10,599,627
Dividends and distributions		48,439,316	56,159,681
Other income		1,609,360	1,219,329
Movement in net market value of investments	13	89,626,814	(287,283,315)
Direct investment expenses		(1,642,932)	(1,783,969)
Bank interest		117,503	270,876
	12	<u>148,176,844</u>	<u>(220,817,771)</u>
CONTRIBUTION REVENUE			
Employer contributions		117,523,192	106,532,699
Member contributions		6,531,321	7,487,733
Transfers from other funds		27,304,720	37,698,813
Government Co-contributions		4,047,570	3,922,217
		<u>155,406,803</u>	<u>155,641,462</u>
OTHER REVENUE			
Group life insurance proceeds		8,938,900	6,746,500
Sponsorship income		25,000	-
Proceeds on sale of assets		-	(10,723)
		<u>8,963,900</u>	<u>6,735,777</u>
TOTAL REVENUES		<u>312,547,547</u>	<u>(58,440,532)</u>
EXPENSES			
Group life insurance premiums		(9,704,101)	(9,744,607)
Administration and Investment	14	(8,757,063)	(9,157,185)
TOTAL EXPENSES		<u>(18,461,164)</u>	<u>(18,901,792)</u>
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX		<u>294,086,383</u>	<u>(77,342,324)</u>
Income tax expense	15	(19,808,525)	11,088,188
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		<u>274,277,858</u>	<u>(66,254,136)</u>

The operating statement is to be read in conjunction with the notes to the financial statements set out in pages 5 to 27.

Statement of Cash Flows

For the financial year ended 30 June 2010

Notes	Jun-10 \$	Jun-09 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Employer contributions received	148,875,482	148,153,729
Member contributions received	6,531,321	7,487,733
Interest received	117,503	270,876
Proceeds from group life policies	8,938,900	6,746,500
Group life premiums paid	(9,704,102)	(9,744,607)
Administration expenses paid	(6,009,925)	(15,518,279)
Direct investment expenses paid	(1,642,932)	(1,783,969)
Benefits paid	(72,370,087)	(74,027,286)
Income tax paid	(13,095,335)	(16,228,471)
Group life proceeds paid to members	(8,938,900)	(6,746,500)
Sundry income	1,491,857	948,453
Net cash from operating activities	<u>54,193,782</u>	<u>39,558,179</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net placement of cash on investment	(54,862,253)	(52,798,775)
Payments for plant and equipment	320,654	88,035
Net cash provided by investing activities	<u>(54,541,599)</u>	<u>(52,710,740)</u>
Net increase / (decrease) in cash and cash equivalents held	(347,817)	(13,152,561)
Cash and cash equivalents at the beginning of the financial year	3,506,565	16,659,126
Cash and cash equivalents at the end of the financial year	<u><u>3,158,748</u></u>	<u><u>3,506,565</u></u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out in pages 5 to 27.

Notes to the Financial Statements

For the financial year ended 30 June 2010

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.

The Fund provides retirement benefits for its members which are in the Forest and wood products industry.

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 xxx.

(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 Trustees' assessments.

(c) Functional and presentation currency

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

Amounts have been rounded to the nearest thousand dollars except where otherwise noted.

(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.

Estimate 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

Notes to the Financial Statements

For the financial year ended 30 June 2010

(e) 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.

(f) 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 of 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. 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

Revenues 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.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2010

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

Notes to the Financial Statements

For the financial year ended 30 June 2010

(l) **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.

(m) **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.

(n) **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.

(o) **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.

(p) **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.

(q) **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.

Notes to the Financial Statements

For the financial year ended 30 June 2010

(r) Comparatives Figure

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

(s) 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 2010, but have not been applied in preparing this financial report.

* AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Fund's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

* 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.

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 - ING
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 2010, allocated members funds include contributions and adjustments for tax and fees. Investment earnings are included in total members funds.

		2010	2009
FIRST Super			
Accumulation Division	Balanced	11.00%	-14.44%
Accumulation Division	Cash	3.40%	3.34%
Accumulation Division	Shares Plus	13.90%	-19.81%
Accumulation Division	Conservative Balanced	10.30%	-9.52%
Pension Division	Balanced	12.80%	-15.69%
Pension Division	Cash	4.00%	3.95%
Pension Division	Shares Plus	15.00%	-21.51%
Pension Division	Conservative Balanced	11.50%	-10.40%

Notes to the Financial Statements

For the financial year ended 30 June 2010

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-10 \$	Jun-09 \$
Australian Equities		
<i>Listed Equities</i>		
Barclays Australian Alpha Equity Fund	-	61,060,638
BT Australian Equity Mandate	94,793,477	-
BT Core Fund	-	36,982,884
Domestic Equity Transition	35	140,935
Eley Griffiths Group Smaller Companies Fund	9,580,739	7,974,656
GMO Long/Short Fund	-	24,705,959
IFM Enhanced Index Fund	69,664,224	81,148,229
Invesco Small Caps Australian Equity Fund	7,598,707	-
Maple Brown Abbott Australian Equity Fund	82,729,544	83,097,929
Orion Australian Share Fund	-	(91)
Perpetual Australian Equity Mandate	87,542,786	-
Perpetual Wholesale Australian Share Fund	-	51,106,279
PIMCO Australian Focus Fund	66,745,182	-
Renaissance Smaller Companies Fund	-	12,847,652
Total Listed Equities	418,654,694	359,065,070
<i>Unlisted/Private Equities</i>		
Frontier (Direct Investment)	282,710	166,431
ING Private Equity Fund I	2,034,007	2,234,000
ISH/Members Equity (Direct)	20,312,729	16,470,720
Super Benefits Administration Pty Ltd (Direct Investment)	1,259,138	755,909
Macquarie Alternative Investment Trust I	908,440	750,508
Macquarie Alternative Investment Trust III	23,535,102	19,998,328
Macquarie Alternative Investment Trust IV	27,339,580	19,985,382
Quay Australian 3 Fund	6,396,396	4,663,118
Quay Australian 4 Fund	1,444,621	1,032,151
Total Unlisted Equities	83,512,723	66,056,547
International Equities		
<i>International Share fund</i>		
Acadian Global Equity Fund	75,976,080	74,436,025
Barclays International Fund (Hedged)	3,884	59,328,839
Barclays Global Unhedged World Equity Fund	36,352,331	-
BlackRock Hedged World ex-Australia Equity Index Fund	2,623,520	-
Capital International Global Equity Fund (Hedged)	-	58,068,089
Capital International Global Equity Fund (Unhedged)	86,117,307	17,754,567
Deutsche Global Thematic Fund	49,096,722	44,815,236
International Equity Transition	37,604	444,640
Total International Share fund	250,207,448	254,847,396
<i>International Private Equity</i>		
IFM Global Equities Trust	5,867,825	6,061,220
Wilshire Pooled Superannuation Trust	11,210,079	10,084,663
Total International Private Equity	17,077,904	16,145,883

Notes to the Financial Statements

For the financial year ended 30 June 2010

	Jun-10	Jun-09
	\$	\$
Property		
AMP Core Property Fund	30,981,802	29,762,903
AMP Property Income Fund	8,736,978	10,105,640
Dexus Property Fund	33,762	7,858,869
Fortius Opportunistic Property Fund I	5,558,804	4,602,697
Franklin International Real Estate Fund 2	2,717,313	3,238,721
ISPT Core Fund	82,743,391	83,274,086
Total Property	<u>130,772,050</u>	<u>138,842,916</u>
Other		
Forestry (Direct Investment)	1,334,620	1,881,595
Total Other	<u>1,334,620</u>	<u>1,881,595</u>
Australian Infrastructure		
AMP Capital Investors	8,418,257	8,000,878
Hastings UTA	7,871,508	7,361,373
IFM Australian Infrastructure Fund	55,095,179	47,788,444
Total Australian Infrastructure	<u>71,384,944</u>	<u>63,150,695</u>
International Infrastructure		
IFM International Infrastructure Fund	28,561,719	26,304,950
Total International Infrastructure	<u>28,561,719</u>	<u>26,304,950</u>
Absolute Return Strategies		
GMO Multi-Strategy Fund	-	18,518,957
Warakirri/Mesirow Advanced Strategies Fund	-	7,329
Total Absolute Return Strategies	<u>-</u>	<u>18,526,286</u>
Fixed Interest		
Alliance Alternative Fixed Income Fund	23,177,528	20,264,712
Barclays Enhanced Fixed Interest Fund	1,833	27,904,259
BlackRock Indexed Australian Bond Fund	93,428,272	-
BlackRock Overseas Bond Index Fund	34,515,492	-
IFM Credit Opportunities Mandate	41,098,695	-
PIMCO Fixed Interest Fund	77,587,170	90,246,015
Super Loans Trust (Members Equity)	13,535,690	12,579,611
Total Fixed Interest	<u>283,344,680</u>	<u>150,994,597</u>
Cash & Capital Guaranteed		
CFS - Premium Cash Fund	103,192,025	102,430,005
Short term cash	80,024,688	25,260,002
UBS Cash Enhanced Fund	-	41,463,884
Total Cash & Capital Guaranteed	<u>183,216,713</u>	<u>169,153,891</u>
Total Investments	<u><u>1,468,067,495</u></u>	<u><u>1,264,969,826</u></u>

Refer to Note 2 e) 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 2010

5	OPERATING ASSETS	Jun-10	Jun-09
		\$	\$
	Vehicles - cost	99,304	419,958
	Vehicles - accumulated depreciation	(54,669)	(193,487)
	Total operating assets	44,635	226,471
6	TRADE AND OTHER RECEIVABLES	Jun-10	Jun-09
		\$	\$
	Recoverable within 12 months		
	Sundry Debtor	4,059,457	6,546,905
	Prepayments	278,507	252,923
	GST Receivable	111,140	104,825
	Total other receivables	4,449,104	6,904,653
7	TRADE AND OTHER PAYABLES	Jun-10	Jun-09
		\$	\$
	Due within 12 months		
a	General		
	Administration	(735,092)	(462,281)
	Audit/tax/legal services	(60,500)	(44,780)
	Custodian fees	(112,119)	(205,169)
	Insurance	(1,916,410)	(1,685,365)
	Investment Consulting	(34,833)	(30,652)
	Investment Management	(427,133)	(213,841)
	PAYG withholding Staff	(24,993)	-
		(3,311,080)	(2,642,088)
b	Provisions		
	Provision for annual leave	(67,185)	(110,245)
	Provision for long service leave	(21,178)	(122,197)
	Provision for redundancy	(205,494)	(300,000)
	Provision for legal and associated costs	(200,000)	(200,000)
		(493,857)	(732,442)
	Total accounts payable	(3,804,937)	(3,374,530)
8	LIABILITY FOR ACCRUED BENEFITS - MEMBERS' FUNDS	Jun-10	Jun-09
		\$	\$
	TOTAL MEMBERS FUNDS		
	Opening balance for accrued benefits - total members' funds	1,285,220,102	1,438,413,021
	Revenue		
	Contributions and member transfers	155,406,803	155,641,462
	Interest allocated to members	133,073,864	(202,236,804)
	Proceeds on insurance	8,938,900	6,746,500
	Expenditure		
	Insurance	(9,696,994)	(9,733,293)
	Administration levies deducted from members accounts	(5,196,558)	(5,759,384)
	Cost of member protection	196,043	1,087,077
	Forgone benefits	105,844	62,912
	Tax expense	(17,628,479)	(15,981,865)
	Benefits paid/payable	(78,912,089)	(83,019,524)
	Closing balance for accrued benefits - members' funds	1,471,507,436	1,285,220,102

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 1,471,507,436 1,285,220,102

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 2010

9	BENEFITS PAID/PAYABLE	Jun-10	Jun-09
		\$	\$
	Death	(3,490,808)	(3,553,346)
	Disability	(437,003)	(845,884)
	Hardship	(1,851,129)	(1,755,775)
	Retirement	(14,647,650)	(18,264,747)
	Pension	(1,758,253)	(1,232,235)
	Rollovers to another Fund / Partial Withdrawal/Leaving Industry	(47,788,346)	(50,621,037)
	Group Life Benefits	(8,938,900)	(6,746,500)
	Total benefits paid/payable	(78,912,089)	(83,019,524)
10	ALLOCATED PENSION FUND		
	Members Funds Opening Balance	14,496,083	8,661,335
	Revenue		
	Transfers	12,445,612	11,858,054
	Employee contributions	-	1,486
	Interest	1,600,101	(940,695)
	Total Revenue	14,045,713	10,918,845
	Expenditure		
	Pensions	(1,699,724)	(1,232,235)
	Partial Withdrawal	(1,141,218)	(383,200)
	Roll out	(5,096,675)	(3,414,066)
	Contributions Tax	-	(212)
	Foregone Benefit	1,047	3
	Administration fees	(82,445)	(54,387)
	Total Expenditure	(8,019,015)	(5,084,097)
	Net Movement	6,026,698	5,834,748
	Members Funds Closing Balance	20,522,781	14,496,083
	Allocation by Investment Choice		
	Balanced	11,185,700	6,653,016
	Cash	4,044,951	5,524,727
	Shares Plus	2,919,932	1,582,481
	Conservative Balanced	2,372,198	735,859
	Total Allocation Closing balance	20,522,781	14,496,083
11	LIABILITY FOR ACCRUED BENEFITS - RESERVES	Jun-10	Jun-09
		\$	\$
	Opening balance for accrued benefits - reserves	6,998,811	3,079,552
	Revenue		
	Investments	148,059,341	(221,088,647)
	Sundry income	25,000	(10,723)
	Interest on cash at bank	117,503	270,876
	Group life insurance deducted from members accounts	9,696,994	9,733,293
	Administration levies deducted from members accounts	5,196,558	5,759,384
	Cost of member protection	(196,043)	(1,087,077)
	Expenditure		
	Interest allocated to members	(133,073,864)	202,236,804
	Administration	(8,757,063)	(9,157,185)
	Group Life Insurance premiums paid	(9,704,101)	(9,744,607)
	Foregone Benefits	(105,844)	(62,911)
	Tax	(2,180,046)	27,070,053
	Closing balance for accrued benefits - reserves	16,077,246	6,998,812

Notes to the Financial Statements

For the financial year ended 30 June 2010

12 REVENUE - INVESTMENTS	Jun-10	Jun-09
	\$	\$
Acadian Global Equity Fund	1,540,055	(18,626,918)
Alliance Bernstein Global Style Blend Fund	-	(7,282,689)
Alliance Alternative Fixed Income Fund	2,912,817	(621,435)
AMP Capital Investors	1,943,370	(4,100,041)
AMP Core Property Fund	57,415	(1,502,485)
Australian Fixed Interest Fund	-	1,261,190
Bank of Ireland	-	(2)
Barclays International Fund (Unhedged)	19,902,436	(46,415,840)
Barclays Australian Alpha Equity Fund	2,559,592	-
Barclays Global Unhedged World Equity Fund	(451,823)	-
Barclays Enhanced Fund	-	1,705,117
BGI Global Infrastructure	-	225,134
BlackRock Hedged World ex-Australia Equity Index Fund	(376,480)	-
BlackRock Indexed Australian Bond Fund	3,105,848	-
BlackRock Overseas Bond Index Fund	784,285	-
BT Australian Equities Mandate	2,629,302	-
BT Core Fund	4,398,824	3,145,624
BT Property Investment Fund	-	(10,065,318)
Capital International Global Equity Fund (Hedged)	10,148,347	4,061,176
Capital International Global Equity Fund (Unhedged)	146,304	(468,789)
CFS Premium Cash Fund	5,776,470	1,520,905
Credit Suisse Wholesale Funds	-	(3,101,787)
CSAM Hedged International Share Fund	7,467	(1,651,676)
CSAM Unhedged International Share Fund	-	(1,437,728)
CSAM Flex Intl Shares Fund UCSEMFISH	-	(10,199,173)
Dexus Wholesale Property Fund	177,733	(1,102,372)
Deutsche International Equities	4,281,485	(7,558,554)
Domestic Equity Transition	481,642	(1,554,622)
Eley Griffiths Group Smaller Companies Fund	1,606,083	(1,767,203)
Forestry (Direct Investment)	(906,688)	(2,182,163)
Fortius Opportunistic Property Fund I	483,401	(2,053,851)
Franklin International Real Estate Fund 2	(810,527)	(906,701)
Frontier (Direct Investment)	118,204	(25,520)
GMO Long/Short Fund	(419,611)	(8,663,395)
GMO Multi-Strategy Fund	(238,342)	408,677
Hastings UTA	510,135	190,675
IFBT/Members Equity	1,178,289	(3,361,429)
IFM Credit Opportunities Mandate	2,098,825	-
IFM Enhanced Index Fund	11,016,345	(4,100,877)
IFM Global Equities Trust	656,143	(533,839)
IFM International Infrastructure Fund	2,256,768	(7,153,513)
IFM Australian Infrastructure Fund	7,355,174	(791,598)
ISPT Core Fund	5,044,716	(14,991,801)
ING Private Equity Fund I	37,228	(425,435)
International Equity Transition	(538)	(939,371)
Invesco Small Caps Australian Equity Fund	98,707	-
ISPT	1,843,629	1,609,116
Kaplan Equities Fund	-	(3,663,689)
Legg Mason Diversified Fixed Income Fund	-	(5,281,379)
Legg Mason Emerging Markets Fund	-	(27,647)
Macquarie Alternative Investment Trust III	4,197,881	(6,371,357)
Macquarie Alternative Investment Trust IV	2,556,941	(5,716,080)
Macquarie Alternative Investment Trust	158,325	(314,326)
Maple Brown Abbott Australian Equity Fund	12,140,926	(6,281,404)
Maple Brown Abbott - International Equity Trust	-	(3,050,868)
Orion Australian Share Fund	-	(15,011,412)
PIMCO Australian Focus Fund	4,139,900	-
PIMCO Fixed Interest Fund	15,846,437	1,783,438
Perennial/Western Global Bond Fund	-	(1,725,817)
Perpetual Australian Equities Mandate	9,466,527	-
Perpetual Wholesale Australian Share Fund	2,086,591	(11,174,782)
Perpetual Cash Enhanced Fund	-	79,021

Notes to the Financial Statements

For the financial year ended 30 June 2010

12 REVENUE - INVESTMENTS - continued.	Jun-10 \$	Jun-09 \$
Pimco Global Bond Fund	-	1,608,865
Principal Global Strategic Income Fund	-	(2,550,571)
Quay Australian 3 Fund	565,849	(439,144)
Quay Australian 4 Fund	86,447	(197,963)
Renaissance Smaller Companies Fund	3,522,051	(5,030,705)
Schroders Equities Fund	-	(5,963,961)
Short term Cash	555,884	721,167
State Street Asia Pacific Fund	-	(997,921)
Super Benefits Administration Pty Ltd (Direct Investment)	503,229	(1,092)
Super Loans Trust (Members Equity)	956,079	810,288
The Super Loans Trust	-	358,396
UBS Cash Enhanced Fund	315,580	791,723
Warakirri/Mesirow Advanced Strategies Fund	-	(3,069,640)
Wilshire Pooled Superannuation Trust	94,238	(642,400)
Investment manager fees	(969,071)	-
Total revenue - investments	148,176,844	(220,777,777)
13 CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS		
(a) INVESTMENTS REALISED DURING THE YEAR	Jun-10	Jun-09
	\$	\$
Infrastructure		
BGI Global Infrastructure Fund	(1,984,265)	58,548
Total - Infrastructure	(1,984,265)	58,548
Property		
AMP Property Income Fund	9,512	(1,994)
Dexus Property Fund	(172,219)	-
Fortius Opportunistic Property Fund I	(14,717)	-
Franklin International Real Estate Fund 2	(15,427)	37,551
ISPT Core Fund	256,485	-
Total - property	63,634	35,557
Shares - Australian		
Barclays Australian Alpha Equity Fund	5,334,974	(61,810)
Barclays Australia Equity Fund	1,009,032	(118,598)
BT Australian Equities Mandate	2,287,661	-
BT Core Fund	4,060,454	-
Domestic Equity Transition	431,631	(1,556,329)
GMO Long/Short Fund	(8,648,792)	-
IFM Enhanced Index Fund	3,314,610	-
IFM Credit Opportunities Mandate	(58,678)	-
Maple Brown Abbott Australian Equity Fund	6,477,589	(11,773,776)
Orion Fund	-	(15,898,572)
Perpetual Australia Equities	1,096,476	-
Perpetual Australia Equities Mandate	4,166,046	-
Pimco Australian Focus Fund	(376,742)	-
Renaissance Smaller Companies Fund	3,113,338	-
Schroders	-	(11,680,198)
Total - shares (Australian)	22,207,599	(41,089,283)
Absolute Return Strategies		
GMO Multi-Strategy Fund	(238,943)	16,707
Kaplan Equities Fund	-	(4,591,880)
State Street Asia Pacific Fund	-	(1,179,956)
Warakirri/Mesirow Advanced Strategies Fund	-	(2,925,417)
Total - Absolute Return	(238,943)	(8,680,546)

Notes to the Financial Statements

For the financial year ended 30 June 2010

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

Fixed Interest Securities

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)
Total - Fixed Interest Securities	-	(12,361,675)

Shares -International

Alliance Bernstein Global Style Blend Fund	-	(7,591,283)
Barclays International Fund	6,328,106	(2,540,340)
CSAM Flexible International Share Fund	-	(15,109,384)
Capital International Global Equity Fund (Hedged)	8,869,143	(3,946,042)
CSAM Hedged International Share Fund	-	(1,697,429)
CSAM Unhedged International Share Fund	-	(2,170,275)
IFM Global Equities Trust	(2,541)	87,506
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	(3,455)	7,290
Total - shares (International)	15,191,253	(38,163,138)

Cash and Capital Guaranteed

AMP Capital Guaranteed	-	(445,506)
Perpetual Cash Enhanced Fund	-	(679,022)
UBS Cash Enhanced Fund	369,389	(71,224)
Total Cash	369,389	(1,195,752)

TOTAL CHANGE IN NET MARKET VALUE - INVESTMENTS REALISED

35,608,667	(101,396,289)
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Notes to the Financial Statements

For the financial year ended 30 June 2010

(b) INVESTMENTS HELD AT BALANCE DATE

	Jun-10	Jun-09
	\$	\$
Cash and Capital Guaranteed		
AMP Capital Guaranteed	417,379	(57,082)
UBS Cash Enhanced Fund	-	(1,152,551)
Total - cash	417,379	(1,209,633)
Property		
AMP Core Property Fund	708,876	(5,886,210)
BT Property Fund	-	(9,968,519)
Dexus Property Fund	-	-
Fortius Opportunistic Property Fund I	359,657	(2,077,062)
Franklin International Real Estate Fund 2	(914,070)	(951,867)
ISPT Core Fund	620,606	(19,058,399)
Total - property	775,069	(37,942,057)
Fixed Interest Securities		
Alliance Alternative Fixed Income Fund	2,273,759	(2,580,602)
BlackRock Indexed Australian Bond Fund	3,105,848	-
BlackRock Overseas Bond Index Fund	784,285	-
IFM Credit Opportunities Mandate	750,849	-
Legg Mason Diversified Fixed Income Fund	-	431,309
Pacific Inv Mgt Company Global Fixed Interest Fund	13,714,784	(4,048,510)
Perennial/Western Global Bond Fund	-	-
Principal Global Strategic Income Fund	-	683,395
Super Loans Trust (Members Equity)	432,264	(73,799)
Total - fixed interest securities	21,061,789	(5,588,207)
Absolute Return		
GMO Multi-Strategy Fund	-	721,986
State Street Asia Pacific Fund	-	179,802
Warakirri/Mesirow Advanced Strategies Fund	-	73,646
Total - Absolute Return	-	975,434
Development Capital		
Hastings UTA	293,816	(70,820)
IFBT	1,178,289	(3,361,429)
IFM International Infrastructure Fund	2,256,768	(7,153,513)
IFM Australian Infrastructure Fund	7,355,174	(840,037)
Total - unit trusts	11,084,047	(11,425,799)
Shares (Australian)		
Barclays Australian Share Fund	-	(40,452,917)
BT Australian Equity Mandate	(3,225,943)	-
Eley Griffiths Group Smaller Companies Fund	1,306,360	(1,800,301)
Forestry (Direct Investment)	(941,785)	(2,288,347)
Frontier (Direct Investment)	116,279	(28,089)
GMO Long/Short Fund	-	(8,739,913)
IFM Enhanced Index Fund	7,701,385	(4,100,877)
ING Private Equity Fund I	(66,996)	(431,000)
Invesco Small Caps Australian Equity Fund	97,929	-
Macquarie Alternative Investment Trust I	227,523	(443,537)
Macquarie Alternative Investment Trust III	2,108,471	(6,478,905)
Macquarie Alternative Investment Trust IV	2,559,836	(7,925,072)
Maple Brown Abbott Australian Equities Fund	2,685,989	646,774
Orion Share Fund	-	886,248
Perpetual Australian Equity Mandate	1,083,797	-
Perpetual Wholesale Australian Share Fund	-	(13,474,067)
PIMCO Australian Focus Fund	2,465,725	-
Quay Australian Fund	521,892	(1,435,262)
Renaissance Smaller Companies Fund	-	(6,257,710)
Schroders Equities Fund	-	94,664
Super Benefits Administration Pty Ltd (Direct Investment)	503,229	(1,092)
Total - shares (Australian)	17,143,691	(92,229,403)

Notes to the Financial Statements

For the financial year ended 30 June 2010

(b) INVESTMENTS HELD AT BALANCE DATE (CONTINUED)

	Jun-10 \$	Jun-09 \$
Shares (International)		
Acadian Global Equity Fund	529,326	(19,490,067)
Alliance Bernstein Global Style Blend Fund	-	308,594
Barclays International Fund	(1)	(12,055,407)
Barclays Global Unhedged World Equity Fund	(446,490)	-
BGI Global Share Fund	(1)	41,280
BlackRock Hedged World ex-Australia Equity Index Fund	(376,480)	-
Capital International Global Equity Fund (Hedged)	-	4,020,773
Capital International Global Equity Fund (Unhedged)	(69,460)	(482,846)
CSAM Hedged International Share Fund	-	836,588
Deutsche Global Thematic Fund	3,164,933	(9,151,337)
IFM Global Equities Trust	658,670	(621,776)
International Equity Transition	(2,446)	(8,288)
Legg Mason Emerging Markets Fund	-	364,343
Maple Brown Abbott - International	-	-
Wishire Pooled Superannuation Trust	78,121	(2,229,218)
Total - shares (International)	<u>3,536,172</u>	<u>(38,467,361)</u>
TOTAL CHANGE IN NET MARKET VALUE - INVESTMENTS HELD	<u>54,018,147</u>	<u>(185,887,026)</u>
TOTAL CHANGE IN NET MARKET VALUE OF INVESTMENT ASSETS	<u>89,626,814</u>	<u>(287,283,315)</u>

Notes to the Financial Statements

For the financial year ended 30 June 2010

14 EXPENDITURE - ADMINISTRATION & INVESTMENT COSTS	Jun-10	Jun-09
	\$	\$
Administration Costs		
<i>Professional fees</i>		
Accounting	-	(2,713)
Audit	(144,589)	(138,205)
Tax	(36,256)	(88,463)
Legal	(73,881)	(49,121)
Merger	(43,508)	(54,121)
Other Consultants	(31,400)	(215,426)
<i>Travel & Entertainment</i>		
Accommodation	(14,977)	(25,933)
Airfares	(14,289)	(22,276)
Taxis & Parking	(13,011)	(18,191)
Meetings	(4,824)	(11,443)
Administration	(3,572,914)	(3,302,190)
Bank charges	(18,515)	(20,000)
Co-ordinators	(1,145,800)	(713,767)
Cost of assets sold	-	(20,455)
Credit control	-	(10,172)
Depreciation	(31,326)	(103,652)
Director fees	(476,269)	(617,605)
Employment	(966,456)	(1,252,080)
General Interest Charge	-	(3,577)
Government fees & levies	(212,725)	(206,480)
Insurance rebate Hannover Life ACE	-	(22,242)
Marketing	(521,405)	(515,235)
Motor vehicle	(33,591)	(85,188)
Occupancy	(88,560)	(149,895)
Office/Administration	(12,823)	(14,841)
Printing & postage annual report	(119,792)	(84,733)
Profit/Loss on sale of assets	(15,256)	(4,137)
Subscriptions & Lodgements	(92,528)	(110,248)
Training Seminar / conference	(28,619)	(49,652)
Trustee liability & travel insurance	(106,076)	(72,402)
Total expenditure - administration	(7,819,390)	(7,984,443)
Investment Costs		
Custodial Services	(434,330)	(444,726)
Financial Planning	(42,122)	(36,303)
Investment consulting	(399,024)	(363,226)
Direct Investment consulting	(62,197)	-
Investment manager fee	-	(328,487)
Total expenditure - investment	(937,673)	(1,172,742)
TOTAL ADMINISTRATION & INVESTMENT COSTS	(8,757,063)	(9,157,185)

Notes to the Financial Statements

For the financial year ended 30 June 2010

15 INCOME TAX EXPENSE IN THE INCOME STATEMENT	Jun-10	Jun-09
	\$	\$
Recognised in the operating Statement		
Current Income Tax		
Current year	16,694,447	15,344,420
Adjustments for prior periods	(1,535,465)	(1,816,330)
Deferred Tax Expense		
Movement in temporary differences	4,649,543	(24,616,278)
Total income tax expense	<u>19,808,525</u>	<u>(11,088,188)</u>
Numerical reconciliation between tax expense and benefits accrued as a result of operations before income tax		
Benefits accrued as a result of operations	294,086,383	(77,342,324)
Tax at the complying superannuation fund tax rate of 15% (2009:15%)	44,112,957	(11,601,349)
Increase in tax expense due to:		
Superannuation Contribution Surcharge Tax	-	1,960
Non Deductible administration expenses	89	-
Tax to Accounting Deferred Tax Difference	(11,592,974)	12,648,388
Decrease in tax expense due to:		
Differences between Tax and Accounting arising in Previous Year	(1,535,465)	(1,816,330)
Group Life proceeds	(1,340,835)	(1,011,975)
Imputation and foreign tax credits	(4,152,706)	(1,942,569)
Non Assessable Member contributions	(979,698)	(1,123,160)
Non Assessable Transfers in	(4,095,708)	(5,654,822)
Non Assessable Government co-contribution	(607,136)	(588,333)
Income tax expense on benefits accrued as a result of operations	<u>19,808,526</u>	<u>(11,088,190)</u>
Deferred tax assets and liabilities		
<i>Deferred tax benefit relates to the following:</i>		
Accrued expenses	69,899	81,716
Annual and long service leave	13,254	34,866
Insurance premiums	114,032	112,000
Net unrealised gains in investments subject to CGT	20,282,966	24,901,112
Net Deferred asset/(liabilities)	<u>20,480,151</u>	<u>25,129,694</u>

Notes to the Financial Statements

For the financial year ended 30 June 2010

16	Reconciliation of Net Cash Provided by Operating Activities to Benefits Accrued from	Jun-10	Jun-09
		\$	\$
	Benefits accrued from ordinary activities after tax	274,277,858	(66,254,136)
	Benefits paid and payable	(78,912,090)	(83,019,524)
	Depreciation expense	(138,818)	39,753
	(Increase)/decrease in assets		
	Contributions receivable	-	-
	Trade & other receivables	2,455,549	(6,795,650)
	Investments	(148,235,416)	220,263,854
	Future Income Tax Benefit	4,649,543	(24,616,278)
	Increase/(decrease) in liabilities		
	Benefits payable	(2,396,898)	2,245,737
	Trade and Other payables	430,407	394,804
	Provision for deferred tax	-	-
	Income tax payable	2,063,647	(2,700,381)
	Net cash flow provided by operating activities	<u>54,193,782</u>	<u>39,558,179</u>

Reconciliation of Cash	Jun-10	Jun-09
	\$	\$
Cash balance comprises:		
Cash at bank	<u>3,506,565</u>	<u>3,506,565</u>
Total	<u>3,506,565</u>	<u>3,506,565</u>

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 2010 are:

Directors

Michael O'Connor (Co-chair)	Alex Millar	Frank Vari
Allan Stewart (Co-chair)	Kevin Millie	
Peter Bennett	Lindsay Morling	Jane Calvert (resigned 30/3/10)
David Kirner (appointed 30/3/10)	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	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.

Notes to the Financial Statements

For the financial year ended 30 June 2010

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 transactions took place with Super Benefits Administration Pty Ltd during the year

	2010	2009
Administration Fees paid to Super Benefits Administration Pty Ltd	3,572,914	3,302,190

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

	2010	2009
Sundry Debtor - Fee Rebate to First Super	900,000	1,370,000
Trade & Other Payables - Administration Fees owing	(735,092)	(462,281)

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

	2010	2009
Directors fees and Salary	624,361	675,279
Superannuation	48,726	78,000
Total	<u>673,087</u>	<u>753,279</u>

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 2010 were \$1,145,800 (2009: \$713,767).

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 2010

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.

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 2010

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.

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.

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 2010 and changes in fair value of investments for the year, based on revaluing fixed rate financial assets at 30 June 2010.

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
2010					
AUD	2%	-3%	466,561,393	9,331,228	(13,996,842)
2009					
AUD	2%	-3%	320,148,488	6,402,970	(9,604,455)

Notes to the Financial Statements

For the financial year ended 30 June 2010

20 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 2010 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
2010						
USD		10%	-10%	12,142,572	1,214,257	(1,214,257)
EUR		10%	-10%	1,816,856	181,686	(181,686)
2009						
USD		10%	-10%	11,475,416	1,147,542	(1,147,542)
EUR		10%	-10%	1,881,347	188,135	(188,135)

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 2010 the following movements in other price risks are considered reasonably possible for the 2010 reporting period.

Asset Class		Up	Down	Carrying Value	Increase on Net Assets	Decrease on Net Assets
2010						
Aust. listed Equities		15%	-15%	418,654,694	62,798,204	(62,798,204)
Aust. Unlisted equities		15%	-15%	83,009,493	12,451,424	(12,451,424)
Internat.. listed equities		15%	-15%	250,207,445	37,531,117	(37,531,117)
Property		12%	-12%	130,772,050	15,692,646	(15,692,646)
Internat. Private equity		15%	-15%	17,077,904	2,561,686	(2,561,686)
Other		15%	-15%	1,334,620	200,193	(200,193)
Aust. Infrastructure		15%	-15%	71,384,944	10,707,742	(10,707,742)
Internat. Infrastructure		15%	-15%	28,561,719	4,284,258	(4,284,258)
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)
Internat. Private equity		15%	-15%	16,145,883	2,421,882	(2,421,882)
Other		15%	-15%	1,881,595	282,239	(282,239)
Aust. Infrastructure		15%	-15%	63,150,695	9,472,604	(9,472,604)
Internat. Infrastructure		15%	-15%	26,304,950	3,945,743	(3,945,743)

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 financial year ended 30 June 2010

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 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2010				
Cash and cash equivalents	83,928	5,393	-	89,321
Futures	43	0	-	43
Listed Equities	238,119	0	-	238,119
Listed Property Trusts	5,992	0	-	5,992
Listed Unit Trusts	3,966	0	-	3,966
Outstanding settlements	9,835	0	-	9,835
Warrants	2,828	0	-	2,828
Liability	-2,045	0	-	-2,045
Fixed Interest Bonds	-	2,607	-	2,607
Floating Rate Notes	-	15,644	-	15,644
Life Insurance Policies	-	30,981	-	30,981
Mortgage Back Securities	-	20,072	-	20,072
Preference Shares	-	35	-	35
Unlisted Equities	-	20,560	1,259	21,819
Unlisted Scheme	-	1,032,010	-	1,032,010
	342,666	1,127,302	1,259	1,471,227

Reconciliation of level 3 net market value measurements of financial assets

	Net market value
Opening Balance	755
Total gains included in the profit and loss for assets held at the end of the reporting period	504
Closing Balance	1,259

Notes to the Financial Statements

For the financial year ended 30 June 2010

21	AUDITOR'S REMUNERATION	Jun-10 \$	Jun-09 \$
	Amounts received or due and receivable by KPMG for:		
	an audit of the financial statements of the entity	60,500	41,036
	taxation services in relation to the entity	-	88,463
		<u>60,500</u>	<u>129,499</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

	Jun-10 \$	Jun-09 \$
Within one year		
Private Equity	30,600,000	43,600,000
Property	1,200,000	2,400,000
	<u>31,800,000</u>	<u>46,000,000</u>

23 SIGNIFICANT EVENTS AFTER BALANCE DATE

Between 30 June 2010 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 2010 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 22 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 2010; 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 22 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 28th day of September, 2010

Director

Director