

***FIRST SUPER***

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2012**

# Statement of Financial Position

As at 30 June 2012

	Notes	Jun-12 \$	Jun-11 \$
<b>ASSETS</b>			
Cash and cash equivalents			
Investments		3,692,615	5,997,546
Operating assets	4	1,667,485,804	1,628,206,082
Trade and Other receivables	5	48,286	38,540
Deferred tax asset	6	662,117	605,743
		21,403,819	17,294,272
<b>TOTAL ASSETS</b>		<b><u>1,693,292,641</u></b>	<b><u>1,652,142,183</u></b>
<b>LIABILITIES</b>			
Trade and Other payables			
Benefits payable	7	(5,025,810)	(4,441,550)
Current tax liabilities		(308,347)	(612,975)
		(9,500,095)	(7,751,755)
<b>TOTAL LIABILITIES (excluding net assets available to pay benefits)</b>		<b><u>(14,834,252)</u></b>	<b><u>(12,806,280)</u></b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>		<b><u>1,678,458,389</u></b>	<b><u>1,639,335,903</u></b>
<b>Represented By:</b>			
<b>LIABILITY FOR ACCRUED BENEFITS</b>			
Members' funds			
Reserves	8	1,667,241,369	1,623,958,577
Regulatory Reserve		10,967,020	15,127,326
Total Reserve	11	<u>250,000</u>	<u>250,000</u>
		11,217,020	15,377,326
<b>Members Funds and Reserves</b>		<b><u>1,678,458,389</u></b>	<b><u>1,639,335,903</u></b>
<b>LIABILITY FOR ACCRUED BENEFITS</b>		<b><u>1,678,458,389</u></b>	<b><u>1,639,335,903</u></b>

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 year ended 30 June 2012

	Notes	Jun-12 \$	Jun-11 \$
<b>INVESTMENT INCOME</b>			
Interest income		10,241,237	8,309,496
Dividends and distributions		72,814,070	82,406,894
Other income		1,017,097	1,441,879
Movement in net market value of investments	13	(39,391,238)	18,050,384
Less: Direct investment expenses		(2,386,794)	(4,291,620)
Bank interest		120,328	176,902
<b>Gross Profit on Investment Activities</b>	<b>12</b>	<b>42,414,700</b>	<b>106,093,935</b>
<b>CONTRIBUTION REVENUE</b>			
Employer contributions		124,782,907	124,866,562
Member contributions		7,515,699	8,263,947
Transfers from other funds		26,545,889	48,095,765
Government Co-contributions		1,320,429	1,691,180
		<b>160,164,924</b>	<b>182,917,454</b>
<b>OTHER REVENUE</b>			
Group life insurance proceeds		11,935,300	11,746,900
Insurance proceeds		-	1,500,000
Interest Income - ATO		-	194,879
		<b>11,935,300</b>	<b>13,441,779</b>
<b>TOTAL REVENUES</b>		<b>214,514,924</b>	<b>302,453,168</b>
<b>EXPENSES</b>			
Group life insurance premiums		(10,654,948)	(10,190,625)
Administration and Investment	14	(9,570,817)	(9,545,204)
<b>TOTAL EXPENSES</b>		<b>(20,225,765)</b>	<b>(19,735,829)</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX</b>		<b>194,289,159</b>	<b>282,717,339</b>
Income tax expense attributable to benefits accrued as a result of operations	15	(18,131,510)	(24,926,482)
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>		<b>176,157,649</b>	<b>257,790,857</b>

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 year ended 30 June 2012

	Notes	Jun-12 \$	Jun-11 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Employer contributions received		124,782,907	124,866,563
Member contributions received		8,836,128	9,955,127
Roll ins received		26,545,889	48,095,765
Interest received		120,328	371,781
Proceeds from group life policies		11,935,300	11,746,900
Group life premiums paid		(10,654,948)	(10,190,625)
Administration expenses paid		(9,039,329)	(5,093,938)
Direct investment expenses paid		(2,386,794)	(4,291,620)
Benefits paid		(125,404,491)	(91,612,411)
Income tax paid		(17,524,603)	(20,866,713)
Group life proceeds paid to members		(11,935,300)	(11,746,900)
Sundry income		1,017,096	2,941,879
<b>Net cash from operating activities</b>		<u><b>(3,707,817)</b></u>	<u><b>54,175,808</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net placement of cash on investment		4,384,347	(51,371,814)
Payments for plant and equipment		(13,348)	34,803
<b>Net cash provided by investing activities</b>		<u><b>4,370,999</b></u>	<u><b>(51,337,011)</b></u>
<b>Net increase / (decrease) in cash and cash equivalents held</b>		663,182	2,838,797
<b>Cash and cash equivalents at the beginning of the financial year</b>		5,997,546	3,158,748
<b>Cash and cash equivalents at the end of the financial year</b>		<u><u><b>6,660,728</b></u></u>	<u><u><b>5,997,546</b></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 30.

# Notes to the Financial Statements

For the year ended 30 June 2012

## 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 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.

#### (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

# Notes to the Financial Statements

For the year ended 30 June 2012

## 3. Significant accounting Policies

### (a) 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.

#### (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 the operating statement 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:

	2012	2011
·Operating Assets	8 years	8 years

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

### (b) 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.

# Notes to the Financial Statements

## For the year ended 30 June 2012

### (c) 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. 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*

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.

### (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, except to the extent that it relates to item recognised directly in members fund in which case it is recognised in members fund.

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.

# Notes to the Financial Statements

## For the year ended 30 June 2012

### (e) Foreign Currency

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.

### (f) 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.

### (g) 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.

### (h) 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.

### (i) 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.

### (j) Employee benefits

#### (i). Long-term service benefits

The Company'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 Company'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 Company 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 Company as the benefits are taken by the employees.

### (k) 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.



# Notes to the Financial Statements

## For the year ended 30 June 2012

### (l) Superannuation Contribution Surcharge

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

Superannuation Contributions Surcharge is levied on surchargeable contributions for the relevant year on the basis of the individual members adjusted taxable income for that year. The liability for the Superannuation Contribution Surcharge is recognised when the assessment is received, as the Trustee considers this is when it can be reliably measured. The superannuation surcharge liability recognised by the Fund has been charged to the relevant members' accounts.

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

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.

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

A financial asset is derecognised when:

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

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

### (o) Excess Contributions Tax

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

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

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

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

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

### (p) No-TFN Contributions Tax

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

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

# Notes to the Financial Statements

## For the year ended 30 June 2012

### (q) Comparatives Figure

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

### Ⓢ New standards and interpretations not yet 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 2012, 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.

## 3 OPERATIONS OF THE FUND

<b>Trustee:</b>	First Super Pty Ltd.
<b>Basis of employer contributions:</b>	At rates provided under the Trust Deed
<b>Basis of member contributions:</b>	Subject to a limit set by the Deed and legislation
<b>Insurance coverage:</b>	Provided for members - OnePath
<b>Administrator:</b>	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 2012, allocated members funds include contributions and adjustments for tax and fees. Investment earnings are included in total members funds.

FIRST Super		2012	2011
Accumulation Division	Balanced	2.50%	6.70%
Accumulation Division	Cash	5.36%	4.50%
Accumulation Division	Shares Plus	-1.33%	9.00%
Accumulation Division	Conservative Balanced	4.42%	7.30%
Pension Division	Balanced	3.14%	7.50%
Pension Division	Cash	6.31%	5.30%
Pension Division	Shares Plus	-1.08%	9.74%
Pension Division	Conservative Balanced	5.20%	8.22%

# Notes to the Financial Statements

For the year ended 30 June 2012

## 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-12 \$	Jun-11 \$
<b>Australian Equities</b>		
<i>Listed Equities</i>		
BT Australian Equity Mandate	97,493,139	105,303,763
Eley Griffiths Small Co Mandate	27,181,772	28,592,281
IFM Enhanced Index Fund	96,840,560	73,595,819
Invesco Small Caps Australian Equity Fund	28,796,661	9,518,260
Maple Brown Abbott Australian Equity Fund	-	76,555,879
Orbis/SM Australian Opportunity Fund	50,768,808	-
Perpetual Australian Equity Mandate	96,474,853	98,969,363
<b>Total Listed Equities</b>	<u>397,555,793</u>	<u>392,535,365</u>
<i>Unlisted/Private Equities</i>		
Frontier (Direct Investment)	309,355	309,355
ING Private Equity Fund I	170,000	1,273,079
ISH/Members Equity (Direct)	24,852,964	22,584,492
Super Benefits Administration Pty Ltd (Direct Investment)	1,565,237	1,259,138
Macquarie Alternative Investment Trust I	209,018	789,794
Macquarie Alternative Investment Trust III	14,326,820	18,587,926
Macquarie Alternative Investment Trust IV	25,084,853	29,052,012
Quay Australian 3 Fund	6,637,518	7,679,244
Quay Australian 4 Fund	2,189,499	1,958,647
Quay Partners First Trust	12,221,300	462,400
<b>Total Unlisted Equities</b>	<u>87,566,564</u>	<u>83,956,087</u>
<b>International Equities</b>		
<i>International Share fund</i>		
BlackRock Unhedged World Equity Fund	52,988,652	53,106,900
BlackRock Hedged World ex-Australia Equity Index Fund	1,646,040	1,640,379
Capital International Global Equity Fund (Unhedged)	84,979,584	87,051,271
Deutsche Global Thematic Fund	45,444,934	49,866,505
International Equity Transition	5	5
Orbis Global Equity Fund	70,714,201	72,519,463
<b>Total International Share fund</b>	<u>255,773,415</u>	<u>264,184,523</u>
<i>International Private Equity</i>		
IFM Global Equities Trust	3,861,552	4,685,641
Wilshire Pooled Superannuation Trust	10,763,631	10,104,097
Westbourne FY 1	46,449,216	15,039,808
<b>Total International Private Equity</b>	<u>61,074,399</u>	<u>29,829,546</u>

## Notes to the Financial Statements

For the year ended 30 June 2012

	Jun-12	Jun-11
	\$	\$
<b>Property</b>		
AMP Core Property Fund	36,364,625	33,942,114
AMP Property Income Fund	7,871,331	8,768,331
Fortius Opportunistic Property Fund I	5,836,216	5,876,648
Franklin International Real Estate Fund 2	2,191,304	2,017,615
ISPT Core Fund	97,360,992	89,752,597
QIC Property Fund	58,186,467	53,132,825
<b>Total Property</b>	<u>207,810,935</u>	<u>193,490,130</u>
<b>Other</b>		
Forestry (Direct Investment)	350,064	590,733
<b>Total Other</b>	<u>350,064</u>	<u>590,733</u>
<b>Australian Infrastructure</b>		
AMP Capital Investors	8,554,787	8,416,600
Hastings UTA	9,918,411	8,883,732
IFM Australian Infrastructure Fund	66,209,718	62,133,803
<b>Total Australian Infrastructure</b>	<u>84,682,916</u>	<u>79,434,135</u>
<b>International Infrastructure</b>		
IFM International Infrastructure Fund	35,456,621	32,320,269
<b>Total International Infrastructure</b>	<u>35,456,621</u>	<u>32,320,269</u>
<b>Fixed Interest</b>		
IFM Alternative Fixed Income Fund	27,351,283	25,220,257
BlackRock Indexed Australian Bond Fund	97,512,269	98,706,039
BlackRock Overseas Bond Index Fund	41,004,044	36,805,183
IFM Australian Credit Opportunities Mandate	66,704,220	49,933,571
PIMCO Fixed Interest Fund	173,108,626	86,555,734
PIMCO Australian Focus Fund	-	70,825,496
Super Loans Trust (Members Equity)	15,477,681	14,338,913
<b>Total Fixed Interest</b>	<u>421,158,123</u>	<u>382,385,193</u>
<b>Cash &amp; Capital Guaranteed</b>		
CFS - Premium Cash Fund	9,972,978	53,586,453
Short term cash	106,083,996	115,893,647
<b>Total Cash &amp; Capital Guaranteed</b>	<u>116,056,974</u>	<u>169,480,100</u>
<b>Total Investments</b>	<u><u>1,667,485,804</u></u>	<u><u>1,628,206,082</u></u>

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 year ended 30 June 2012

<b>5 OPERATING ASSETS</b>	<b>Jun-12</b>	<b>Jun-11</b>
	\$	\$
Vehicles - cost	72,204	64,501
Vehicles - accumulated depreciation	(29,562)	(25,961)
Advertising Equipment	5,654	-
Advertising Equipment - accumulated depreciation	(9)	-
<b>Total operating assets</b>	<b>48,286</b>	<b>38,540</b>
<b>6 TRADE AND OTHER RECEIVABLES</b>	<b>Jun-12</b>	<b>Jun-11</b>
	\$	\$
<b>Recoverable within 12 months</b>		
Sundry Debtor	360,799	150,000
Prepayments	236,677	213,602
GST Receivable	64,640	242,141
<b>Total other receivables</b>	<b>662,117</b>	<b>605,743</b>
<b>7 TRADE AND OTHER PAYABLES</b>	<b>Jun-12</b>	<b>Jun-11</b>
	\$	\$
<b>Due within 12 months</b>		
<b>a General</b>		
Administration	(846,192)	(1,283,234)
Audit/tax/legal services	(66,000)	(60,500)
Custodian fees	(136,938)	(117,778)
Insurance	(2,661,020)	(1,744,450)
Investment Consulting	(34,891)	(34,833)
Investment Management	(738,861)	(685,099)
PAYG withholding Staff	(13,176)	(11,614)
	<b>(4,497,078)</b>	<b>(3,937,508)</b>
<b>b Provisions</b>		
Provision for annual leave	(78,868)	(68,019)
Provision for long service leave	(44,370)	(30,529)
Provision for redundancy	(205,494)	(205,494)
Provision for legal and associated costs	(200,000)	(200,000)
	<b>(528,732)</b>	<b>(504,042)</b>
<b>Total accounts payable</b>	<b>(5,025,810)</b>	<b>(4,441,550)</b>
<b>8 LIABILITY FOR ACCRUED BENEFITS - MEMBERS' FUNDS</b>		
<b>TOTAL MEMBERS FUNDS</b>	<b>Jun-12</b>	<b>Jun-11</b>
	\$	\$
<b>Opening balance for accrued benefits - total members' funds</b>	<b>1,623,958,578</b>	<b>1,469,338,498</b>
<b>Revenue</b>		
Contributions and member transfers	160,164,924	182,917,454
Interest allocated to members	42,836,519	99,560,967
Proceeds on insurance	11,935,300	11,746,900
<b>Expenditure</b>		
Insurance	(10,626,296)	(10,164,101)
Administration levies deducted from members accounts	(5,489,209)	(5,273,152)
Adjustments	-	-
Cost of member protection	637,815	199,811
Forgone benefits	411,619	169,042
Tax expense	(19,552,716)	(20,666,144)
Benefits paid/payable	(137,035,164)	(103,870,698)
<b>Closing balance for accrued benefits - members' funds</b>	<b>1,667,241,369</b>	<b>1,623,958,578</b>
Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their membership at balance date.		
<b>Vested benefits</b>	<b>1,667,241,369</b>	<b>1,623,958,578</b>
<b>Guaranteed Benefits</b>		
No guarantees have been made in respect of the liability for accrued benefits.		

## Notes to the Financial Statements

For the year ended 30 June 2012

<b>9</b>	<b>BENEFITS PAID/PAYABLE</b>	<b>Jun-12</b>	<b>Jun-11</b>
		<b>\$</b>	<b>\$</b>
	Death	(7,527,061)	(5,813,109)
	Disability	(1,348,640)	(1,446,598)
	Hardship	(2,172,137)	(2,011,170)
	Retirement	(29,295,764)	(20,547,419)
	Pension	(3,846,420)	(2,332,827)
	Rollovers to another Fund / Partial Withdrawal/Leaving Industry	(80,892,071)	(59,972,675)
	Group Life Benefits	(11,935,300)	(11,746,900)
	Excess Contributions Tax	(17,771)	-
	<b>Total benefits paid/payable</b>	<b>(137,035,164)</b>	<b>(103,870,698)</b>
<b>10</b>	<b>ALLOCATED PENSION FUND</b>		
	<b>Members Funds Opening Balance</b>	<b>30,292,455</b>	<b>20,517,930</b>
	<b>Revenue</b>		
	Transfers	22,949,431	18,694,264
	Interest	1,848,132	2,168,519
	<b>Total Revenue</b>	<b>24,797,563</b>	<b>20,862,783</b>
	<b>Expenditure</b>		
	Pensions	(3,904,477)	(2,360,304)
	Partial Withdrawal	(1,025,153)	(931,868)
	Roll out	(8,608,312)	(7,700,143)
	Contributions Tax	-	-
	Foregone Benefit	(727)	(4,952)
	Timing Difference Adjustment	(21,616)	-
	Administration fees	(164,540)	(90,991)
	<b>Total Expenditure</b>	<b>(13,724,825)</b>	<b>(11,088,258)</b>
	<b>Net Movement</b>	<b>11,072,738</b>	<b>9,774,525</b>
	<b>Members Funds Closing Balance</b>	<b>41,365,192</b>	<b>30,292,455</b>
	<b>Allocation by Investment Choice</b>		
	Balanced	17,332,426	15,667,780
	Cash	13,342,120	6,908,840
	Shares Plus	2,856,583	3,212,471
	Conservative Balanced	7,834,063	4,503,364
	<b>Total Allocation Closing balance</b>	<b>41,365,192</b>	<b>30,292,455</b>
<b>11</b>	<b>LIABILITY FOR ACCRUED BENEFITS - RESERVES</b>	<b>Jun-12</b>	<b>Jun-11</b>
		<b>\$</b>	<b>\$</b>
	<b>Opening balance for accrued benefits - reserves</b>	<b>15,377,326</b>	<b>16,077,246</b>
	<b>Revenue</b>		
	Investments	42,294,372	105,917,033
	Sundry income	-	1,694,879
	Interest on cash at bank	120,328	176,902
	Group life insurance deducted from members accounts	10,626,296	10,164,101
	Administration levies deducted from members accounts	5,489,209	5,273,152
	Cost of member protection	(637,815)	(199,811)
	<b>Expenditure</b>		
	Interest allocated to members	(42,836,519)	(99,560,967)
	Administration	(9,570,817)	(9,545,204)
	Group Life Insurance premiums paid	(10,654,948)	(10,190,625)
	Foregone Benefits	(411,619)	(169,042)
	Tax	1,421,206	(4,260,338)
	Adjustments	-	-
	<b>Closing balance for accrued benefits - reserves</b>	<b>11,217,019</b>	<b>15,377,326</b>

## Notes to the Financial Statements

For the year ended 30 June 2012

12 REVENUE - INVESTMENTS	Jun-12	Jun-11
	\$	\$
Acadian Global Equity Fund	-	(703,957)
IFM Alternative Fixed Income Fund	2,131,026	2,042,729
AMP Capital Investors	3,054,674	3,777,641
AMP Core Property Fund	462,839	928,346
Blackrock Unhedged World Equity Fund	(116,189)	1,155,801
BlackRock Hedged World ex-Australia Equity Index Fund	5,660	616,860
BlackRock Indexed Australian Bond Fund	12,307,715	5,278,287
BlackRock Overseas Bond Index Fund	4,198,862	2,289,691
BT Australian Equities Mandate	(7,799,787)	10,527,034
Capital International Global Equity Fund (Unhedged)	(2,055,039)	908,861
CFS Premium Cash Fund	595,452	4,301,645
Dexus Wholesale Property Fund	-	28,725
Deutsche International Equities	(4,421,572)	769,783
Domestic Equity Transition	(1,133)	(3,364)
Eley Griffiths Group Smaller Companies Fund	-	688,583
Eley Griffiths Mandate	(1,404,493)	2,830,863
Forestry (Direct Investment)	(240,669)	(743,887)
Fortius Opportunistic Property Fund I	(30,598)	318,884
Franklin International Real Estate Fund 2	59,934	(504,065)
Frontier (Direct Investment)	1,750	28,010
Hastings UTA	1,034,679	1,012,225
IFBT/Members Equity	(762,745)	140,787
IFM Australian Credit Opportunities Mandate	4,570,695	4,834,945
IFM Enhanced Index Fund	(1,755,258)	7,931,780
IFM Global Equities Trust	405,621	(145,285)
IFM International Infrastructure Fund	3,136,352	3,758,551
IFM Australian Infrastructure Fund	4,075,915	7,038,625
ISPT Core Fund	7,678,120	7,046,100
ING Private Equity Fund I	(351,986)	52,280
International Equity Transition	-	(147,700)
Invesco Small Caps Australian Equity Fund	(721,599)	1,919,553
ISPT	114,182	1,545,863
Macquarie Alternative Investment Trust III	76,720	(243,829)
Macquarie Alternative Investment Trust IV	(1,844,293)	1,893,647
Macquarie Alternative Investment Trust	(239,999)	97,442
Maple Brown Abbott Australian Equity Fund	(6,342,561)	5,332,650
Orbis Global Equity Fund	(1,805,262)	(1,736,705)
Orbis/SM Australian Opportunity Fund	1,203,364	-
PIMCO Australian Focus Fund	1,095,262	4,080,314
PIMCO Fixed Interest Fund	14,132,135	8,968,564
Perpetual Australian Equities Mandate	(2,491,081)	11,466,715

## Notes to the Financial Statements

For the year ended 30 June 2012

12 REVENUE - INVESTMENTS - continued.	Jun-12 \$	Jun-11 \$
QIC Property Fund	5,053,642	3,132,825
Quay Australian 3 Fund	483,760	667,324
Quay Australian 4 Fund	234,983	70,228
Quay Partners First Trust	(1,741,100)	(537,600)
Short term Cash	5,785,003	5,066,978
Super Benefits Administration Pty Ltd (Direct Investment)	306,099	-
Super Loans Trust (Members Equity)	2,424,618	803,223
Wilshire Pooled Superannuation Trust	1,153,184	(865,686)
Westbourne YF 1	2,604,917	397,537
Investment Manager Fees	(1,851,440)	(2,023,886)
International Foreign Exchange	4,343	-
<b>Total revenue - investments</b>	<b>42,414,700</b>	<b>106,093,935</b>
13 CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS		
(a) INVESTMENTS REALISED DURING THE YEAR	Jun-12 \$	Jun-11 \$
<b>Property</b>		
AMP Property Income Fund	17,256	15,153
Fortius Opportunistic Property Fund I	(218,162)	(133,995)
Franklin International Real Estate Fund 2	3,831	(56,070)
ISPT Core Fund	(24,682)	140,822
<b>Total - property</b>	<b>(221,757)</b>	<b>(34,090)</b>
<b>Shares - Australian</b>		
BT Australian Equities Mandate	(2,846,138)	248,972
Eley Griffiths Group Smaller Companies Fund	-	520,821
Eley Griffiths Mandate	(413,714)	581,865
IFM Enhanced Index Fund	-	152,397
IFM Credit Opportunities Mandate	(54,107)	394,713
Maple Brown Abbott Australian Equity Fund	(8,112,876)	632,149
Perpetual Australia Equities Mandate	100,358	354,967
<b>Total - shares (Australian)</b>	<b>(11,326,478)</b>	<b>2,885,884</b>



## Notes to the Financial Statements

For the year ended 30 June 2012

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

<b>Fixed Interest Securities</b>		
BlackRock Indexed Australian Bond Fund	771,460	(240)
IFM Alternative Fixed Income Fund	(711,232)	-
PIMCO Fixed Interest Fund	(242,609)	-
Pimco Australian Focus Fund	313,785	-
<b>Total - Fixed Interest Securities</b>	<b>131,404</b>	<b>(240)</b>
<b>International Shares</b>		
Acadian Global Equity Fund	-	(2,021,516)
Barclays International Fund	-	(4,181,252)
BlackRock Unhedged World Equity Fund	(916)	214
Capital International Global Equity Fund (Unhedged)	19	(9,591,896)
Blackrock Hedged World Equities	-	248,541
IFM Global Equities Trust	56,223	(83,853)
International Equity Transition	-	(158,951)
<b>Total - shares (International)</b>	<b>55,326</b>	<b>(15,788,713)</b>
<b>International Private Equity</b>		
Wilshire Pooled Superannuation Trust	(1,744)	(395)
	<b>(1,744)</b>	<b>(395)</b>
<b>TOTAL CHANGE IN NET MARKET VALUE - INVESTMENTS REALISED</b>	<b>(11,363,250)</b>	<b>(12,937,554)</b>

# Notes to the Financial Statements

For the year ended 30 June 2012

## (b) INVESTMENTS HELD AT BALANCE DATE

	Jun-12 \$	Jun-11 \$
<b>Cash and Capital Guaranteed</b>		
AMP Capital Guaranteed	(1,422,572)	(1,657)
<b>Total - cash</b>	<u>(1,422,572)</u>	<u>(1,657)</u>
<b>Property</b>		
AMP Core Property Fund	2,637,878	3,014,713
Fortius Opportunistic Property Fund I	98,233	(155,049)
Franklin International Real Estate Fund 2	(51,749)	(500,557)
ISPT Core Fund	1,218,474	2,281,602
QIC Property	1,588,667	1,494,329
<b>Total - property</b>	<u>5,491,504</u>	<u>6,135,038</u>
<b>Fixed Interest Securities</b>		
IFM Alternative Fixed Income Fund	1,079,907	634,517
BlackRock Indexed Australian Bond Fund	5,848,484	221,866
BlackRock Overseas Bond Index Fund	(2,300,473)	1,539,859
IFM Australian Credit Opportunities Mandate	83,121	1,069,331
PIMCO Fixed Interest Fund	4,843,249	2,145,752
PIMCO Australian Focus Fund	-	(2,142,797)
Super Loans Trust (Members Equity)	224,117	(273,388)
<b>Total - fixed interest securities</b>	<u>9,778,405</u>	<u>3,195,140</u>
<b>Development Capital</b>		
Hastings UTA	629,485	687,790
IFBT	(762,745)	140,787
IFM International Infrastructure Fund	3,136,352	3,758,551
IFM Australian Infrastructure Fund	4,075,915	7,038,625
<b>Total - unit trusts</b>	<u>7,079,007</u>	<u>11,625,752</u>
<b>Shares (Australian)</b>		
BT Australian Equity Mandate	(9,249,734)	4,576,721
Domestic Equity	(1,133)	(3,364)
Eley Griffiths Mandate	(1,972,294)	1,442,383
Forestry (Direct Investment)	(240,669)	(743,887)
Frontier (Direct Investment)	-	26,645
IFM Enhanced Index Fund	(1,755,258)	7,779,197
ING Private Equity Fund I	(352,000)	(361,687)
Invesco Small Caps Australian Equity Fund	(1,441,873)	1,690,877
Macquarie Alternative Investment Trust I	(535,867)	(118,652)
Macquarie Alternative Investment Trust III	(5,225,881)	(4,946,435)
Macquarie Alternative Investment Trust IV	(8,697,890)	646,801
Maple Brown Abbott Australian Equities Fund	-	1,113
Orbis/SM Australian Opportunity Fund	1,159,320	-
Perpetual Australian Equity Mandate	(7,594,179)	4,602,964
Quay Australian Fund	(557,160)	311,601
Quay Partners First Trust	(1,741,100)	(537,600)
Super Benefits Administration Pty Ltd (Direct Investment)	306,099	-
<b>Total - shares (Australian)</b>	<u>(37,899,621)</u>	<u>14,366,678</u>

## Notes to the Financial Statements

For the year ended 30 June 2012

**(b) INVESTMENTS HELD AT BALANCE DATE (CONTINUED)**

	Jun-12 \$	Jun-11 \$
<b>Shares (International)</b>		
Blackrock Unhedged World Equity Fund	(1,360,883)	465,281
BlackRock Hedged World ex-Australia Equity Index Fund	(565,058)	312,862
Capital International Global Equity Fund (Unhedged)	(3,097,703)	(2,096,121)
Deutsche Global Thematic Fund	(4,916,072)	369,073
IFM Global Equities Trust	349,385	(61,447)
Orbis Global Equity Fund	(2,629,819)	(1,736,705)
Wilshire Pooled Superannuation Trust	(85,739)	(1,779,921)
Westbourne YF	1,251,179	193,965
<b>Total - shares (International)</b>	<b>(11,054,710)</b>	<b>(4,333,013)</b>
<b>TOTAL CHANGE IN NET MARKET VALUE - INVESTMENTS HELD</b>	<b>(28,027,987)</b>	<b>30,987,939</b>
<b>TOTAL CHANGE IN NET MARKET VALUE OF INVESTMENT ASSETS</b>	<b>(39,391,238)</b>	<b>18,050,384</b>

## Notes to the Financial Statements

For the year ended 30 June 2012

14 EXPENDITURE - ADMINISTRATION & INVESTMENT COSTS	Jun-12	Jun-11
	\$	\$
<b>Administration Costs</b>		
<i>Professional fees</i>		
Audit	(207,154)	(152,768)
Tax	(28,600)	(38,797)
Legal	(18,173)	(96,166)
Merger	(22,578)	(27,082)
Other Consultants	(62,500)	(25,868)
<i>Travel &amp; Accommodation</i>		
Accommodation	(16,731)	(16,622)
Airfares	(14,417)	(9,721)
Taxis & Parking	(7,727)	(5,466)
Meetings	(6,982)	(5,087)
Administration	(3,835,149)	(4,120,933)
Bank charges	(25,390)	(20,560)
Co-ordinators	(1,517,874)	(1,401,338)
Credit control	-	(8,443)
Depreciation	(12,769)	(12,662)
Director fees	(516,523)	(569,343)
Employment	(777,324)	(706,982)
Government Fees & Levies	(232,780)	(359,044)
Marketing	(613,294)	(489,475)
Motor Vehicle	(13,262)	(11,302)
Occupancy	(135,028)	(97,581)
Office Administration	(18,934)	(20,496)
Printing & Postage Annual Report	(39,902)	(21,969)
Profit/Loss on Sale of Assets	(607)	(298)
Subscriptions & Lodgements	(107,120)	(107,247)
Training, Seminars & Conferences	(62,386)	(50,229)
Trustee Liability Insurance	(113,491)	(110,593)
<b>Total expenditure - administration</b>	<b><u>(8,406,694)</u></b>	<b><u>(8,486,072)</u></b>
<b>Investment Costs</b>		
Custodial Services	(581,902)	(497,743)
Financial Planning	(102,608)	(146,068)
Investment consulting	(407,755)	(393,788)
Direct Investment Expenses	(25,973)	-
Shareholder Advisory & Voting Services	(45,885)	(21,533)
<b>Total expenditure - investment</b>	<b><u>(1,164,123)</u></b>	<b><u>(1,059,132)</u></b>
<b>TOTAL ADMINISTRATION &amp; INVESTMENT COSTS</b>	<b><u>(9,570,817)</u></b>	<b><u>(9,545,204)</u></b>

# Notes to the Financial Statements

For the year ended 30 June 2012

15	<b>INCOME TAX EXPENSE IN THE INCOME STATEMENT</b>	<b>Jun-12</b>	<b>Jun-11</b>
		<b>\$</b>	<b>\$</b>
	<b>Recognised in the operating Statement</b>		
	<b>Current Income Tax</b>		
	Current year	20,011,276	19,145,518
	Adjustments for prior periods	2,229,781	2,595,085
	<b>Deferred Tax Expense</b>		
	Movement in temporary differences	(4,109,547)	3,185,879
	<b>Total income tax expense</b>	<b><u>18,131,510</u></b>	<b><u>24,926,482</u></b>
	<b>Numerical reconciliation between tax expense and benefits accrued as a result of operations before income tax</b>		
	Benefits accrued as a result of operations	194,289,159	282,717,339
	Tax at the complying superannuation fund tax rate of 15% (2011:15%)	29,143,374	42,407,601
	Increase in tax expense due to:		
	Tax on Termination Payments into Fund		509,619
	Non Deductible administration expenses		-
	Differences between Tax and Accounting arising in Prior Periods	2,229,781	2,595,085
	No-TFN Contributions Tax	177,155	1,414,144
	Tax on member contributions	658,125	12,396
	Decrease in tax expense due to:		
	Group Life proceeds	(1,790,295)	(1,762,035)
	Imputation and foreign tax credits	(5,115,117)	(6,572,751)
	Non Assessable Member contributions	(1,127,355)	(1,239,592)
	Non Assessable Transfers in	(3,981,883)	(7,214,365)
	Non Assessable Government co-contribution	(198,064)	(253,677)
	Non Assessable Investment Income	(1,864,210)	(4,969,943)
	<b>Income tax expense on benefits accrued as a result of operations</b>	<b><u>18,131,510</u></b>	<b><u>24,926,482</u></b>
	<b>Deferred tax assets and liabilities</b>		
	<i>Deferred tax benefit relates to the following:</i>		
	Accrued expenses	70,724	69,899
	Annual and long service leave	18,486	14,782
	Insurance premiums	150,963	119,978
	Net unrealised and realised capital losses	21,544,460	17,618,560
	Unrealised income/non CGT	(380,814)	(528,947)
	<b>Net Deferred asset/(liabilities)</b>	<b><u>21,403,819</u></b>	<b><u>17,294,272</u></b>

## Notes to the Financial Statements

For the year ended 30 June 2012

<b>16</b>	<b>Reconciliation of Net Cash Provided by Operating Activities to Benefits Accrued from</b>	<b>Jun-12</b>	<b>Jun-11</b>
		<b>\$</b>	<b>\$</b>
	Benefits accrued from ordinary activities after tax	176,157,649	258,590,033
	Benefits paid and payable	(137,035,164)	(103,870,699)
	Depreciation expense	3,601	(28,708)
	<b>(Increase)/decrease in assets</b>		
	Contributions receivable	-	-
	Trade & other receivables	(56,374)	3,843,361
	Investments	(43,664,069)	(108,766,773)
	Future Income Tax Benefit	(4,109,547)	3,185,879
	<b>Increase/(decrease) in liabilities</b>		
	Benefits payable	(304,627)	511,387
	Trade and Other payables	584,260	636,613
	Provision for deferred tax	-	-
	Income tax payable	-	-
	<b>Net cash flow provided by operating activities</b>	<u><b>4,716,454</b></u>	<u><b>74,715</b></u>
		<u><b>(3,707,816)</b></u>	<u><b>54,175,808</b></u>
	 <b>Reconciliation of Cash</b>	<b>Jun-12</b>	<b>Jun-11</b>
		<b>\$</b>	<b>\$</b>
	Cash balance comprises:		
	Cash at bank	3,692,615	5,997,546
	<b>Total</b>	<u><b>3,692,615</b></u>	<u><b>5,997,546</b></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 2012 are:

#### Directors

Michael O'Connor (Co-chair)	Alex Millar	Frank Vari
Allan Stewart (Co-chair)	Kevin Millie	Bob Smith
David Kimer	Lindsay Morling	Peter Bennett (Resigned 26th June 2012)
Martin Lewis	Mike Radda	

#### 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	Graeme Russell
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 year ended 30 June 2012

## 17 RELATED PARTY TRANSACTIONS - continued.

### Other Related Party Transactions

A.Stewart and M.O'Connor are Directors and non beneficial shareholders of Super Benefits Administration Pty Ltd. G.Russell and M.Radda are Directors of Super Benefits Administration Pty Ltd. First Super is the beneficial owner of 100% of Super Benefits Administration Pty Ltd which provides administration services to the Fund on normal commercial 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.

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

Administration fees paid to Super Benefits Administration Pty Ltd	<b>2012</b>	<b>2011</b>
	3,835,149	4,120,933

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

Sundry Debtor - Fee Rebate to First Super	<b>2012</b>	<b>2011</b>
Trade & Other Payables - Administration Fees Owing	360,000	150,000
	(43,595)	(431,796)

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.

The compensation paid to Key Management Personnel in relation to services to the fund is as follows:

<b>Compensation of Key Management Personnel</b>	<b>2012</b>	<b>2011</b>
Short-term employee benefits	744,950	790,629
Other long-term employee benefits	16,738	11,748
Post-employment benefits	48,131	32,889
<b>Total</b>	<b>811,831</b>	<b>835,266</b>

Apart from those details disclosed in this note, no key management personnel have entered into a contract for services with the Fund since the end of the previous financial year and there were no contracts involving key management personnel subsisting at the year end.

The Fund pays director fees based on services rendered to the Fund.

### Loans to key management personnel

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

### Other Related party transactions

All trustee transactions with related parties are conducted on normal commercial terms and conditions, or pursuant to normal membership terms and conditions.

### Fund Payments to Co-ordinators

There were eight Co-ordinators contracted by First Super. The total payments for the year ended 30 June 2012 were \$1,517,874 (2011: \$1,401,388).

## 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 year ended 30 June 2012

## 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 2012 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
<b>2012</b>					
USD	5%	-5%	10,698,895	563,100	(509,471)
EUR	10%	-10%	2,256,956	250,773	(205,178)
GBP	N/A	N/A	0	0	0
<b>2011</b>					
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



## Notes to the Financial Statements

For the year ended 30 June 2012

### 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 2012 and changes in fair value of investments for the year, based on revaluing fixed rate financial assets at 30 June 2012.

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

Interest Bearing Instrument	2012	2011
Cash & Cash Equivalents	3,692,615	5,997,546
Cash & Capital Guaranteed	116,056,974	169,480,100
Fixed Interest	421,158,123	382,385,193
<b>Total</b>	<b>540,907,712</b>	<b>557,862,839</b>

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
<b>2012</b>					
Cash & Cash Equivalents	50bps	-50bp	3,692,615	18,463	(18,463)
Cash & Capital Guaranteed	50bps	-50bp	116,056,974	580,285	(580,285)
Fixed Interest	50bps	-50bp	421,158,123	2,105,791	(2,105,791)
<b>Total</b>			<b>540,907,712</b>	<b>2,704,539</b>	<b>(2,704,539)</b>
<b>2011</b>					
Cash & Cash Equivalents	50bps	-50bps	5,997,546	29,988	(29,988)
Cash & Capital Guaranteed	50bps	-50bps	169,480,100	847,401	(847,401)
Fixed Interest	50bps	-50bps	382,385,193	1,911,926	(1,911,926)
<b>Total</b>			<b>557,862,839</b>	<b>2,789,314</b>	<b>(2,789,314)</b>

## Notes to the Financial Statements

For the year ended 30 June 2012

### 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
<b>2012</b>					
Aust. listed Equities	10%	-10%	397,555,793	39,755,579	(39,755,579)
Aust. Unlisted equities	10%	-10%	87,566,564	8,756,656	(8,756,656)
Internat.. listed equities	10%	-10%	255,773,415	25,577,342	(25,577,342)
Property	10%	-10%	207,810,935	20,781,093	(20,781,093)
Internat. Private Equity	10%	-10%	61,074,399	6,107,440	(6,107,440)
Other	10%	-10%	350,064	35,006	(35,006)
Aust. Infrastructure	10%	-10%	84,682,916	8,468,292	(8,468,292)
Internat. Infrastructure	10%	-10%	35,456,621	3,545,662	(3,545,662)
<b>Total</b>			<b>1,130,270,707</b>	<b>113,027,071</b>	<b>(113,027,071)</b>
<b>2011</b>					
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	39,627,678	(39,627,678)
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)
<b>Total</b>			<b>1,076,340,790</b>	<b>161,451,118</b>	<b>(161,451,118)</b>

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 year ended 30 June 2012

### 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 Fund's financial assets exposed to credit risk amounted to the following:

Asset Class	2012	2011
Cash & Cash Equivalents	3,692,615	5,997,546
Cash & Capital Guaranteed	116,056,974	169,480,100
Fixed Interest	421,158,123	382,385,193
Aust. Listed Equities	397,555,793	392,535,365
Aust. Unlisted Equities	87,566,564	83,956,087
Internat..listed equities	255,773,415	264,184,523
Property	207,810,935	193,490,130
Internat.Private Equity	61,074,399	29,829,546
Other	350,064	590,733
Aust. Infrastructure	84,682,916	79,434,135
Internat. Infrastructure	35,456,621	32,320,269
<b>Total</b>	<b>1,671,178,420</b>	<b>1,634,203,629</b>

## Notes to the Financial Statements

For the year ended 30 June 2012

### 20 RISK MANAGEMENT - continued.

#### Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's Trust Deed and Product Disclosure Statement provides for the daily withdrawal of benefits and it is therefore exposed to the liquidity risk of meeting member withdrawals at any time.

The Fund's financial instruments include investments in unlisted investments, which are not traded in an organic public market and which may be illiquid. As a result, the Fund may not be able to liquidate quickly some of its investments in these investments at an amount close to their fair value in order to meet its liquidity requirements as the amount of these investments is monitored to comply within the asset allocation stipulated in the Fund's Investment Strategy which is not to exceed 40% of the Funds under management this risk is considered minimal

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
<b>2012</b>				
Sundry Creditors	4,497,078	-	-	-
Vested Benefits	1,667,241,369	-	-	-
Derivative Liabilities				
- Inflows	-	-	10,339	2,759,091
- Outflows	-	-	(50)	-
<b>2011</b>				
Sundry Creditors	3,937,508	-	-	-
Vested Benefits	1,623,958,578	-	-	-
Derivative Liabilities				
- Inflows	-	-	269,154	3,225,644
- Outflows	-	-	(8,684)	-

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 year ended 30 June 2012

### 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 \$
<b>30 June 2012</b>				
Cash & Cash Deposits	115,627,548	-	-	115,627,548
Futures	10,339	-	-	10,339
Listed Equities	194,147,284	-	-	194,147,284
Listed Property Trusts	3,217,428	-	-	3,217,428
Listed Unit Trusts	2,432,296	-	-	2,432,296
Outstanding settlements	7,114,472	-	-	7,114,472
Preference Shares	1,957,095	-	-	1,957,095
Warrants	2,759,091	-	-	2,759,091
Liabilities	(697,684)	-	-	(697,684)
Fixed Interest Bonds	-	1,028,480	-	1,028,480
Floating Rate Notes	-	34,753,493	-	34,753,493
Life Insurance Policies	-	36,364,625	-	36,364,625
Listed Equities	-	350,064	-	350,064
Mortgage Back Securities	-	28,352,241	-	28,352,241
Preference Shares	-	-	35,000	35,000
Unlisted Equities	-	24,852,964	1,839,592	26,692,556
Unlisted Scheme	-	1,211,486,900	5,547,193	1,217,034,094
	<b>326,567,868</b>	<b>1,337,188,767</b>	<b>7,421,785</b>	<b>1,671,178,420</b>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 June 2011</b>				
Cash & Cash Deposits	133,225,377	-	-	133,225,377
Futures	0	-	-	0
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	-	1,014,143,576	-	1,014,143,576
	<b>428,282,221</b>	<b>1,114,352,914</b>	<b>1,568,493</b>	<b>1,544,203,628</b>

#### Reconciliation of level 3 net market value measurements of financial assets

	Net market value	
	2012	2011
Opening Balance	1,568,493	1,259,138
Total Gains or losses in profit or loss	306,099	26,645
Reclassification from Level 2	5,547,193	282,710
<b>Closing Balance</b>	<b>7,421,785</b>	<b>1,568,493</b>

## Notes to the Financial Statements

For the year ended 30 June 2012

<b>21</b>	<b>AUDITOR'S REMUNERATION</b>	<b>Jun-12</b> \$	<b>Jun-11</b> \$
	Amounts received or due and receivable by KPMG for:		
	an audit of the financial statements of the entity	66,000	66,935
	taxation services in relation to the entity	-	-
		<b>66,000</b>	<b>66,935</b>
<b>22</b>	<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
	<b>Investments</b>		
	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.		
		<b>Jun-12</b> \$	<b>Jun-11</b> \$
	Within one year		
	Private Equity	100,700,000	119,100,000
	Property	36,600,000	26,300,000
		<b>137,300,000</b>	<b>145,400,000</b>
<b>23</b>	<b>PRIOR YEAR ADJUSTMENTS</b>		

During the year a review was conducted to establish the variance between contributions tax disclosed in the financial statements and the contributions tax reported in the Fund's administration system. The result of the review created the following amendments to the 2011 comparatives and the 2011 opening balance as the variance pertain to the 2009, 2010 and 2011 financial years:

Amendments to 2011 opening balances relate to:

- Under stated employer contributions of \$15,979,905 and over stated transfers from other funds of \$15,979,905, which results in the contributions tax being understated by \$1,975,475 in the financial year ended 30 June 2009.
- Non disclosure of tax on eligible termination payments paid into the fund of \$12,166 in the financial year ended 30 June 2009.
- Non disclosure of tax relating to s290-170 notices of \$13,985 for the financial year ended 30 June 2009.
- Under stated employer contributions of \$113,979 and over stated transfers from other funds of \$113,979, which results in the contributions tax being understated by \$113,979 in the financial year ended 30 June 2010.
- Non disclosure of tax on eligible termination payments paid into the fund of \$22,208 in the financial year ended 30 June 2010.
- Non disclosure of tax relating to s290-170 notices of \$31,124 for the financial year ended 30 June 2010.

Correction to 2011 comparative figures relate to:

- Non disclosure of tax on eligible termination payments paid into the fund of \$509,619 in the financial year ended 30 June 2011.
- Non disclosure of tax relating to s290-170 notices of \$12,396 for the financial year ended 30 June 2011.
- Understated No-TFN withholding tax of \$277,161 for the year ended 30 June 2011.

## **24** EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Fund, the results of those operations, or the state affairs of the Fund, in future financial years.

## 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 2012 and the results of its operations and cash flows for the year ended; and
2. The operations of First Super Superannuation Fund has been carried out in accordance with its Trust deed dated (DD), 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; and
  - \* the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001
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 25th day of September, 2012

Director

Director