

FIRST SUPER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Statement of Financial Position

As at 30 June 2013

	Notes	Jun-13 \$	Jun-12 \$
ASSETS			
Cash and cash equivalents		5,845,045	3,692,615
Investments	4	1,897,008,572	1,667,485,804
Operating assets	5	25,405	48,286
Trade and Other receivables	6	415,968	662,117
Deferred tax asset		6,709,761	21,403,819
TOTAL ASSETS		1,910,004,751	1,693,292,641
LIABILITIES			
Trade and Other payables	7	4,728,203	5,025,810
Benefits payable		471,585	308,347
Current tax liabilities		8,783,858	9,500,095
TOTAL LIABILITIES (excluding net assets available to pay benefits)		13,983,647	14,834,252
NET ASSETS AVAILABLE TO PAY BENEFITS		1,896,021,104	1,678,458,389
Represented By:			
LIABILITY FOR ACCRUED BENEFITS			
Members' funds	8	1,878,272,911	1,667,241,369
Reserves		17,498,192	10,967,020
Regulatory Reserve		250,000	250,000
Total Reserve	13	17,748,192	11,217,020
Members Funds and Reserves		1,896,021,103	1,678,458,389
LIABILITY FOR ACCRUED BENEFITS		1,896,021,103	1,678,458,389

The statement of financial position is to be read in conjunction with the notes to the financial statements set out in pages 5 to 26.

Operating Statement

For the financial year ended 30 June 2013

	Notes	Jun-13 \$	Jun-12 \$
INVESTMENT INCOME			
Interest income		10,672,999	10,241,237
Dividends and distributions		58,732,557	72,814,070
Other income		1,105,556	1,017,097
Movement in net market value of investments	15	178,627,056	(39,391,238)
Direct investment expenses		(2,119,875)	(2,386,794)
Bank interest		96,331	120,328
	14	<u>247,114,623</u>	<u>42,414,700</u>
CONTRIBUTION REVENUE			
Employer contributions		118,337,192	124,782,907
Member contributions		7,035,514	7,515,699
Transfers from other funds		27,320,259	26,545,889
Government Co-contributions		1,114,007	1,320,429
		<u>153,806,972</u>	<u>160,164,924</u>
OTHER REVENUE			
Group life insurance proceeds		12,804,705	11,935,300
Proceeds on sale of assets		(8,129)	-
		<u>12,796,576</u>	<u>11,935,300</u>
TOTAL REVENUES		<u>413,718,172</u>	<u>214,514,924</u>
EXPENSES			
Group life insurance premiums		17,598,396	10,654,948
Administration and Investment	16	10,801,431	9,570,817
TOTAL EXPENSES		<u>28,399,827</u>	<u>20,225,765</u>
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX		<u>385,318,345</u>	<u>194,289,159</u>
Income tax expense attributable to benefits as a result of operations	17	30,583,353	18,131,510
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		<u>354,734,992</u>	<u>176,157,649</u>

The operating statement is to be read in conjunction with the notes to the financial statements set out in pages 5 to 26.

Statement of Cash Flows

For the financial year ended 30 June 2013

	Notes	Jun-13 \$	Jun-12 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Employer contributions received		118,337,192	124,782,907
Member contributions received		8,149,521	8,836,128
Roll ins received		27,320,259	26,545,889
Interest received		96,331	120,328
Proceeds from group life policies		12,804,705	11,935,300
Group life premiums paid		(17,598,396)	(10,654,948)
Administration expenses paid		(10,865,545)	(9,039,329)
Direct investment expenses paid		(2,119,875)	(2,386,794)
Benefits paid		(124,204,334)	(125,404,491)
Income tax paid		(16,605,532)	(20,492,717)
Group life proceeds paid to members		(12,804,705)	(11,935,300)
Sundry income		1,097,426	1,017,096
Net cash from operating activities	18(a)	<u>(16,392,953)</u>	<u>(6,675,931)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net placement of cash on investment		18,509,845	4,384,347
Payments for plant and equipment		35,538	(13,348)
Net cash provided by investing activities		<u>18,545,383</u>	<u>4,370,999</u>
Net increase / (decrease) in cash and cash equivalents held		2,152,430	(2,304,932)
Cash and cash equivalents at the beginning of the financial year		3,692,615	5,997,546
Cash and cash equivalents at the end of the financial year	18(b)	<u>5,845,045</u>	<u>3,692,614</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 26.

Notes to the Financial Statements

For the financial year ended 30 June 2013

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).

The trustee of the Fund is First Super Pty Ltd (RSE No L0003049).

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statement 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 8th of October 2013.

(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.

Other assets are measured on the basis of Trustee's assessments.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

Valuation of Investments and Derivatives - Note 4

Notes to the Financial Statements

For the financial year ended 30 June 2013

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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 Fund 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 Fund will obtain ownership by the end of the lease term.

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

	2013	2012
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 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 in 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 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 financial year ended 30 June 2013

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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.

(d) 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 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 financial year ended 30 June 2013

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(e) **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.

(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 financial year ended 30 June 2013

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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) Comparatives Figure

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

(q) New Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2013, and have not been applied in preparing these financial statements as management have not deemed necessary.

Notes to the Financial Statements

For the financial year ended 30 June 2013

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 Fund's assets is National Asset Servicing. The Fund is invested in the following funds, managed investment schemes and trusts.

	Jun-13 \$	Jun-12 \$
Australian Equities		
<i>Listed Equities</i>		
BT Australian Equity Mandate	7	97,493,139
Eley Griffiths Small Co Mandate	30,023,062	27,181,772
IFM Enhanced Index Fund	131,447,122	96,840,560
Invesco Small Caps Australian Equity Fund	30,766,545	28,796,661
Orbis/SM Australian Opportunity Fund	82,774,697	50,768,808
Perpetual Australian Equity Mandate	129,398,532	96,474,853
Total Listed Equities	404,407,966	397,555,793
<i>Unlisted/Private Equities</i>		
Frontier (Direct Investment)	309,355	309,355
ING Private Equity Fund I	21,000	170,000
ISH/Members Equity (Direct)	31,647,524	24,852,964
Super Benefits Administration Pty Ltd (Direct Investment)	1,565,237	1,565,237
Macquarie Alternative Investment Trust I	-	209,018
Macquarie Alternative Investment Trust III	13,844,162	14,326,820
Macquarie Alternative Investment Trust IV	22,081,100	25,084,853
Quay Australian 3 Fund	4,981,016	6,637,518
Quay Australian 4 Fund	2,408,502	2,189,499
Quay Australian First Trust	28,173,200	12,221,300
Total Unlisted Equities	105,031,096	87,566,564
International Equities		
<i>International Share fund</i>		
BlackRock Unhedged World Equity Fund	3,571,491	52,988,652
BlackRock Hedged World ex-Australia Equity Index Fund	61,510,580	1,646,040
Capital International Global Equity Fund (Unhedged)	115,730,155	84,979,584
Deutsche Global Thematic Fund	59,181,338	45,444,934
International Equity Transition	5	5
Orbis Global Equity Fund	104,341,586	70,714,201
Total International Share fund	344,335,154	255,773,415
<i>International Private Equity</i>		
IFM Global Equities Trust	3,116,248	3,861,552
Wilshire Pooled Superannuation Trust	11,524,011	10,763,631
Westbourne FY 1	46,902,382	46,449,216
Total International Private Equity	61,542,641	61,074,399
Property		
AMP Core Property Fund	-	38,364,625
AMP Property Income Fund	5,814,632	7,871,331
Fortius Opportunistic Property Fund I	6,137,441	5,836,216
Franklin International Real Estate Fund 2	2,611,996	2,191,304
ISPT Core Fund	104,699,829	97,360,992
QIC Property Fund	63,147,110	58,186,467
Total Property	182,411,008	207,810,935
Other		
Forestry (Direct Investment)	2	350,064
Total Other	2	350,064
Australian Infrastructure		
AMP Capital Investors	8,947,730	8,554,787
Hastings UTA	10,938,566	9,918,411
IFM Australian Infrastructure Fund	74,248,878	68,209,718
Total Australian Infrastructure	94,135,174	84,682,916

Notes to the Financial Statements

For the financial year ended 30 June 2013

4	INVESTMENTS (Cont.)	Jun-13	Jun-12
		\$	\$
	International Infrastructure		
	IFM International Infrastructure Fund	62,262,794	35,456,621
	Total International Infrastructure	62,262,794	35,456,621
	Fixed Interest		
	IFM Alternative Fixed Income Fund	29,949,425	27,351,283
	BlackRock Indexed Australian Bond Fund	100,253,301	97,512,269
	BlackRock Overseas Bond Index Fund	42,755,030	41,004,044
	IFM Australian Credit Opportunities Mandate	75,265,961	66,704,220
	PIMCO Fixed Interest Fund	182,863,631	173,108,626
	Super Loans Trust (Members Equity)	12,760,799	15,477,681
	Total Fixed Interest	443,848,147	421,158,123
	Cash & Capital Guaranteed		
	CFS - Premium Cash Fund	-	9,972,978
	IFM Trans Fund	35,307,481	-
	Short term cash	163,727,107	106,083,996
	Total Cash & Capital Guaranteed	199,034,588	116,056,974
	Total Investments	1,897,008,572	1,667,485,804
	Refer to Note 3 b) for the methods and assumptions adopted in determining the fair values of investments.		
5	OPERATING ASSETS	Jun-13	Jun-12
		\$	\$
	Vehicles - cost	40,569	72,204
	Vehicles - accumulated depreciation	(16,211)	(29,562)
	Advertising Equipment	-	5,654
	Advertising Equipment - accumulated depreciation	-	(9)
	Computer Equipment	1,751	-
	Computer Equipment - accumulated depreciation	(704)	-
	Total operating assets	25,405	48,286
6	TRADE AND OTHER RECEIVABLES	Jun-13	Jun-12
		\$	\$
	Recoverable within 12 months		
	Sundry Debtor	1,638	360,799
	Prepayments	242,809	236,677
	GST Receivable	171,522	64,640
	Total other receivables	415,968	662,117
7	TRADE AND OTHER PAYABLES	Jun-13	Jun-12
		\$	\$
	Due within 12 months		
	(a) General		
	Administration	550,517	846,192
	Audit/tax/legal services	66,894	66,000
	Custodian fees	129,934	136,938
	Insurance	2,975,541	2,661,020
	Investment Consulting	35,849	34,891
	Investment Management	359,477	738,861
	PAYG withholding Benefits	109,613	-
	PAYG withholding Staff	16,435	13,176
		4,244,260	4,497,078
	(b) Provisions		
	Provision for annual leave	52,405	78,868
	Provision for long service leave	26,045	44,370
	Provision for redundancy	205,494	205,494
	Provision for legal and associated costs	200,000	200,000
		483,943	528,732
	Total accounts payable	4,728,203	5,025,810

Notes to the Financial Statements

For the financial year ended 30 June 2013

8 LIABILITY FOR ACCRUED BENEFITS AND FUNDING ARRANGEMENT - MEMBERS BALANCE

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. It is measured as the difference between the carrying amount of the assets and the sum of the sundry liabilities and income tax liabilities as at reporting date.

(a) Changes in liability for accrued benefits	Jun-13	Jun-12
	\$	\$
Opening balance for accrued benefits - total members' funds	1,667,241,369	1,623,958,578
Revenue		
Contributions and member transfers	153,808,972	160,164,924
Interest allocated to members	224,773,572	42,836,519
Proceeds on insurance	12,804,705	11,935,300
Expenditure		
Insurance	(17,602,198)	(10,626,296)
Administration levies deducted from members accounts	(5,159,295)	(5,489,209)
Adjustments	(3,019,711)	-
Cost of member protection	141,762	637,815
Forgone benefits	466,608	411,619
Tax expense	(18,008,597)	(19,552,716)
Benefits paid/payable	(137,172,276)	(137,035,164)
Closing balance for accrued benefits - members' funds	1,878,272,911	1,667,241,369

(b) Funding arrangements

Members' contribution were made in accordance with the requirements of the Trust Deed pursuant to applications contained in the Product Disclosure Statement, supplements and Key Features Statements on issue by the Trustee during the year.

9 VESTED BENEFITS

	Jun-13	Jun-12
Vested benefits as at the end of the financial year	1,878,272,911	1,667,241,369

Vested benefits represents the members' right to which, under the terms of a superannuation plan, are not conditional upon continued plan membership or any factor other than resignation from the plan.

10 GUARANTEED BENEFITS

No guarantee have been made in respect to any part of the liability for accrued benefits.

11 BENEFITS PAID/PAYABLE

	Jun-13	Jun-12
	\$	\$
Death	5,974,477	7,527,061
Disability	1,564,336	1,348,640
Hardship	2,565,653	2,172,137
Retirement	27,625,161	29,295,764
Pension	4,121,385	3,846,420
Rollovers to another Fund / Partial Withdrawal/Leaving Industry	82,502,519	80,892,071
Group Life Benefits	12,804,705	11,935,300
Excess Contributions Tax	14,039	17,771
Total benefits paid/payable	137,172,276	137,035,164

Notes to the Financial Statements

For the financial year ended 30 June 2013

12 ALLOCATED PENSION FUND	Jun-13 \$	Jun-12 \$
Members Funds Opening Balance	41,364,869	30,292,455
Revenue		
Transfers	18,148,885	22,949,431
Interest	5,366,621	1,848,132
Total Revenue	<u>23,515,506</u>	<u>24,797,563</u>
Expenditure		
Pensions	4,214,646	3,904,477
Partial Withdrawal	1,160,151	1,025,153
Roll out	12,235,056	8,608,312
Contributions Tax	-	-
Foregone Benefit	(2,782)	727
Timing Difference Adjustment	-	21,616
Administration fees	190,706	164,540
Total Expenditure	<u>17,797,777</u>	<u>13,724,825</u>
Net Movement	5,717,729	11,072,738
Members Funds Closing Balance	<u>47,082,598</u>	<u>41,365,192</u>
Allocation by Investment Choice		
Balanced	22,172,371	17,332,426
Cash	11,851,042	13,342,120
Shares Plus	2,200,970	2,856,583
Conservative Balanced	10,858,215	7,834,063
Total Allocation Closing balance	<u>47,082,598</u>	<u>41,365,192</u>
13 LIABILITY FOR ACCRUED BENEFITS - RESERVES	Jun-13 \$	Jun-12 \$
Opening balance for accrued benefits - reserves	11,217,019	15,377,326
Revenue		
Investments	247,018,292	42,294,372
Sundry income	(8,129)	-
Interest on cash at bank	96,331	120,328
Group life insurance deducted from members accounts	17,602,198	10,626,296
Administration levies deducted from members accounts	5,159,295	5,489,209
Cost of member protection	(141,762)	(637,815)
Expenditure		
Interest allocated to members	224,773,572	42,836,519
Administration	10,801,431	9,570,817
Group Life Insurance premiums paid	17,598,396	10,654,948
Foregone Benefits	466,608	411,619
Tax	12,574,756	(1,421,206)
Adjustments	(3,019,711)	-
Closing balance for accrued benefits - reserves	<u>17,748,192</u>	<u>11,217,019</u>

The adjustment for the current year relates to an adjustment to align the balance as per the accounting record to the balance as per the administration system for the financial year ended 30 June 2012.

Notes to the Financial Statements

For the financial year ended 30 June 2013

14 REVENUE - INVESTMENTS	Jun-13	Jun-12
	\$	\$
IFM Alternative Fixed Income Fund	2,598,142	2,131,026
AMP Capital Investors	1,064,834	3,054,674
AMP Core Property Fund	217,856	462,839
Barclays International Fund (Unhedged)	5,571,612	-
Blackrock Unhedged World Equity Fund	8,838,965	(116,189)
BlackRock Hedged World ex-Australia Equity Index Fund	1,960,443	5,660
BlackRock Indexed Australian Bond Fund	2,742,710	12,307,715
BlackRock Overseas Bond Index Fund	1,400,546	4,198,862
BT Australian Equities Mandate	12,488,171	(7,799,787)
Capital International Global Equity Fund (Unhedged)	30,697,216	(2,055,039)
CFS Premium Cash Fund	305,970	595,452
Deutsche International Equities	13,736,404	(4,421,572)
Domestic Equity Transition	(32,384)	(1,133)
Eley Griffiths Mandate	2,851,603	(1,404,493)
Forestry (Direct Investment)	(350,062)	(240,669)
Fortius Opportunistic Property Fund I	673,438	(30,598)
Franklin International Real Estate Fund 2	331,664	59,934
Frontier (Direct Investment)	1,645	1,750
Hastings UTA	1,020,154	1,034,679
IFBT/Members Equity	3,942,684	(762,745)
IFM Australian Credit Opportunities Mandate	7,061,267	4,570,695
IFM Enhanced Index Fund	18,702,281	(1,755,258)
IFM Global Equities Trust	270,448	405,621
IFM International Infrastructure Fund	6,806,173	3,136,352
IFM Trans CF	307,481	-
IFM Australian Infrastructure Fund	8,039,160	4,075,915
ISPT Core Fund	7,920,511	7,678,120
ING Private Equity Fund I	(16,998)	(351,986)
Invesco Small Caps Australian Equity Fund	1,969,884	(721,599)
ISPT	(394,729)	114,182
Macquarie Alternative Investment Trust III	(434,221)	76,720
Macquarie Alternative Investment Trust IV	227,511	(1,844,293)
Macquarie Alternative Investment Trust	(1,823)	(239,999)
Maple Brown Abbott Australian Equity Fund	-	(6,342,561)
Orbis Global Equity Fund	33,627,384	(1,805,262)
Orbis/SM Australian Opportunity Fund	12,005,890	1,203,364
PIMCO Australian Focus Fund	-	1,095,262
PIMCO Fixed Interest Fund	9,755,375	14,132,135
Perpetual Australian Equities Mandate	34,398,450	(2,491,081)
QIC Property Fund	4,959,045	5,053,642
Quay Australian 3 Fund	604,743	483,760
Quay Australian 4 Fund	252,861	234,983
Quay Partners First Trust	451,900	(1,741,100)
Short term Cash	5,938,664	5,785,003
Super Benefits Administration Pty Ltd (Direct Investment)	-	306,099
Super Loans Trust (Members Equity)	905,458	2,424,618
Wilshire Pooled Superannuation Trust	1,957,261	1,153,184
Westbourne YF 1	3,235,552	2,604,917
Investment Manager Fees	(1,479,467)	(1,851,440)
International Foreign Exchange	(17,050)	4,343
	247,114,623	42,414,700

Notes to the Financial Statements

For the financial year ended 30 June 2013

15 CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS

(a) INVESTMENTS REALISED DURING THE YEAR

	Jun-13 \$	Jun-12 \$
Property		
AMP Property Income Fund	469,433	17,256
Fortius Opportunistic Property Fund I	-	(218,162)
Franklin International Real Estate Fund 2	(809)	3,831
ISPT Core Fund	-	(24,682)
Total - property	468,624	(221,757)
Shares - Australian		
Barclays Australian Alpha Equity Fund	5,571,812	-
BT Australian Equities Mandate	10,259,025	(2,846,138)
Eley Griffiths Mandate	(822,966)	(413,714)
Macquarie Alternative Investment	(1,826)	-
IFM Credit Opportunities Mandate	29,672	(54,107)
Maple Brown Abbott Australian Equity Fund	-	(8,112,876)
Perpetual Australia Equities Mandate	15,499,389	100,358
Total - shares (Australian)	30,534,906	(11,326,478)
Fixed Interest Securities		
BlackRock Indexed Australian Bond Fund	(361)	771,460
IFM Alternative Fixed Income Fund	-	(711,232)
PIMCO Fixed Interest Fund	-	(242,609)
Pimco Australian Focus Fund	-	313,785
Superannuation Business Loans	(42,897)	-
Total - Fixed Interest Securities	(43,258)	131,404
International Shares		
BlackRock Unhedged World Equity Fund	6,365,181	(916)
Capital International Global Equity Fund (Unhedged)	-	19
IFM Global Equities Trust	(12,490)	56,223
Total - shares (International)	6,352,691	55,326
International Private Equity		
Wilshire Pooled Superannuation Trust	(71)	(1,744)
	(71)	(1,744)
Cash and Capital Guaranteed		
CFS Cash Premium	(11,000)	-
Total Cash	(11,000)	-
TOTAL CHANGE IN NET MARKET VALUE - INVESTMENTS REALISED	37,301,892	(11,363,250)

Notes to the Financial Statements

For the financial year ended 30 June 2013

15 CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS (Cont.)

(b) INVESTMENTS HELD AT BALANCE DATE	Jun-13 \$	Jun-12 \$
Cash and Capital Guaranteed		
AMP Capital Guaranteed	392,943	(1,422,572)
IFM Trans Fund	(89,918)	-
Total - cash	303,025	(1,422,572)
Property		
AMP Core Property Fund	(690,077)	2,637,878
Fortius Opportunistic Property Fund I	(145,425)	98,233
Franklin International Real Estate Fund 2	96,537	(51,749)
ISPT Core Fund	1,332,988	1,218,474
QIC Property	1,536,758	1,588,667
Total - property	2,130,780	5,491,504
Fixed Interest Securities		
IFM Alternative Fixed Income Fund	1,170,739	1,079,907
BlackRock Indexed Australian Bond Fund	(2,894,502)	5,848,484
BlackRock Overseas Bond Index Fund	1,364,605	(2,300,473)
IFM Australian Credit Opportunities Mandate	2,135,755	83,121
PIMCO Fixed Interest Fund	(4,523,701)	4,843,249
Super Loans Trust (Members Equity)	(191,460)	224,117
Total - fixed interest securities	(2,938,564)	9,778,405
Development Capital		
Hastings UTA	653,657	629,485
IFBT	3,942,684	(762,745)
IFM International Infrastructure Fund	5,956,379	3,136,352
IFM Australian Infrastructure Fund	5,907,576	4,075,915
Industry Funds Management (IFM)	-	-
Total - unit trusts	16,460,295	7,079,007
Shares (Australian)		
BT Australian Equity Mandate	(8,816)	(9,249,734)
Domestic Equity	(32,384)	(1,133)
Eley Griffiths Mandate	2,652,957	(1,972,294)
Forestry (Direct Investment)	(350,062)	(240,669)
IFM Enhanced Index Fund	18,702,281	(1,755,258)
ING Private Equity Fund I	(17,000)	(352,000)
Invesco Small Caps Australian Equity Fund	1,106,931	(1,441,873)
Macquarie Alternative Investment Trust I	-	(535,867)
Macquarie Alternative Investment Trust III	4,042,120	(5,225,881)
Macquarie Alternative Investment Trust IV	(250,974)	(8,687,890)
Orbis/SM Australian Opportunity Fund	9,240,919	1,159,320
Perpetual Australian Equity Mandate	13,544,327	(7,594,179)
Quay Australian Fund	(2,203,977)	(557,160)
Quay Partners First Trust	451,900	(1,741,100)
Super Benefits Administration Pty Ltd (Direct Investment)	-	306,099
Total - shares (Australian)	46,878,222	(37,899,621)
Shares (International)		
Blackrock Unhedged World Equity Fund	823,346	(1,360,883)
BlackRock Hedged World ex-Australia Equity Index Fund	1,959,143	(565,058)
Capital International Global Equity Fund (Unhedged)	28,945,185	(3,097,703)
Deutsche Global Thematic Fund	12,903,344	(4,916,072)
IFM Global Equities Trust	282,920	349,385
Orbis Global Equity Fund	33,515,667	(2,629,819)
Wilshire Pooled Superannuation Trust	420,998	(85,739)
Westbourne YF	(359,198)	1,251,179
Total - shares (International)	78,491,405	(11,054,710)
TOTAL CHANGE IN NET MARKET VALUE - INVESTMENTS HELD	141,325,164	(28,027,987)
TOTAL CHANGE IN NET MARKET VALUE OF INVESTMENT ASSETS	178,627,056	(39,391,238)

Notes to the Financial Statements

For the financial year ended 30 June 2013

16 EXPENSES - ADMINISTRATION & INVESTMENT COSTS	Jun-13 \$	Jun-12 \$
Administration Costs		
<i>Professional fees</i>		
Audit	197,272	207,154
Tax	-	28,600
Accounting and other fees	4,043	-
Legal	11,776	18,173
Merger	27,072	22,578
Other Consultants	8,613	62,500
<i>Travel & Accommodation</i>	0	-
Accommodation	15,665	16,731
Airmiles	10,658	14,417
Taxis & Parking	4,447	7,727
Meetings	4,913	6,982
Administration	4,215,274	3,835,149
Bank charges	26,980	25,390
Co-ordinators	1,711,659	1,517,874
Depreciation	12,061	12,769
Director fees	595,900	516,523
Employment	720,480	777,324
Government Fees & Levies	560,520	232,780
Marketing	658,202	613,294
Motor Vehicle	12,437	13,262
Occupancy	159,583	135,028
Office Administration	30,428	18,934
Printing & Postage Annual Report	68,532	39,902
Profit/Loss on Sale of Assets	951	607
Provision for Stronger Super	278,860	-
Subscriptions & Lodgements	93,839	107,120
Training, Seminars & Conferences	76,382	62,386
Trustee Liability Insurance	121,911	113,491
Write off assets	4,230	-
Total expenditure - administration	9,632,686	8,406,694
Investment Costs		
Custodial Services	556,495	581,902
Financial Planning	146,713	102,608
Investment consulting	433,052	407,755
Direct Investment Expenses	-	25,973
Shareholder Advisory & Voting Services	32,485	45,885
Total expenditure - Investment	1,168,745	1,164,123
TOTAL ADMINISTRATION & INVESTMENT COSTS	10,801,431	9,570,817

Notes to the Financial Statements

For the financial year ended 30 June 2013

17 INCOME TAX EXPENSE IN THE INCOME STATEMENT	Jun-13 \$	Jun-12 \$
Recognised in the operating Statement		
Current Income Tax		
Current year	17,313,774	20,011,276
Adjustments for prior periods	(1,424,479)	2,229,781
Deferred Tax Expense		
Movement in temporary differences	14,694,058	(4,109,547)
Total income tax expense	30,583,353	18,131,510
Numerical reconciliation between tax expense and benefits accrued as a result of operations before income tax		
Benefits accrued as a result of operations	385,318,345	194,289,159
Tax at the complying superannuation fund tax rate of 15% (2012:15%)	57,797,752	29,143,374
Differences between Tax and Accounting arising in Prior Periods	(1,424,479)	2,229,781
No-TFN Contributions Tax	79,540	177,155
Tax on member contributions	-	658,125
Decrease in tax expense due to:		
Differences between Tax and Accounting arising in Prior Periods	(1,424,479)	-
Group Life proceeds	(1,920,706)	(1,790,295)
Imputation and foreign tax credits	(3,548,099)	(5,115,117)
Non Assessable Member contributions	(1,222,428)	(1,127,355)
Non Assessable Transfers in	(4,098,039)	(3,981,883)
Non Assessable Government co-contribution	(167,101)	(198,064)
Non Assessable Investment Income	(13,488,608)	(1,864,210)
Income tax expense on benefits accrued as a result of operations	30,583,353	18,131,510
Deferred tax assets and liabilities		
<i>Deferred tax benefit relates to the following:</i>		
Accrued expenses	81,679	70,724
Annual and long service leave	11,767	18,486
Insurance premiums	219,036	150,963
Net unrealised and realised capital losses	6,892,763	21,544,460
Unrealised income/non CGT	(505,519)	(380,814)
Net Deferred asset/(liabilities)	6,699,727	21,403,819
18 Notes to the cash flow statement		
	Jun-13 \$	Jun-12 \$
(a) Reconciliation of cash flows from operating activities		
Benefits accrued from ordinary activities after tax	354,734,992	176,157,649
Benefits paid and payable	(137,172,276)	(137,035,164)
Depreciation expense	(12,657)	3,601
(Increase)/decrease in assets		
Contributions receivable	-	-
Trade & other receivables	246,149	(58,374)
Investments	(248,032,612)	(43,664,069)
Deferred tax asset	14,694,058	(4,109,547)
Increase/(decrease) in liabilities		
Benefits payable	163,238	(304,627)
Trade and Other payables	(297,606)	584,260
Provision for deferred tax	-	-
Income tax payable	(716,237)	4,716,454
Net cash flow provided by operating activities	(16,392,954)	(3,707,816)
(b) Reconciliation of Cash and Cash equivalents		
Cash balance comprises:	Jun-13 \$	Jun-12 \$
Cash at bank	5,845,044	3,692,615
Total	5,845,044	3,692,615

Notes to the Financial Statements

For the financial year ended 30 June 2013

19 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 2013 are:

(b) Directors

Michael O'Connor (Co-chair)	Alex Millar	Frank Vari
Allan Stewart (Co-chair)	Kevin Millie	
David Kimer	Lindsay Morling	
Martin Lewis	Mike Radda	
Lisa Marty (appointed 10/08/12)	Bob Smith	

Officer

Mr William Watson is the Company Secretary of First Super Pty Ltd.

(c) Transactions with related parties

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

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

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

(d) Other Related Party Transactions

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

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

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

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

	2013	2012
Administration fees paid to Super Benefits Administration Pty Ltd	4,215,274	3,835,149

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

	2013	2012
Sundry Debtor - Fee Rebate to First Super	-	360,000
Trade & Other Payables - Administration Fees Owing	323,720	43,595

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.

(e) Compensation of Key Management Personnel

	2013	2012
Directors fees and Salary	899,085	744,950
Other long term employee benefits	-	16,738
Post-employment benefits	22,811	48,131
Total	921,896	809,819

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

(f) Co-ordinator Fund Payments

There were eight co-ordinators from CFMEU supported by First Super. The total payments for the year ended 30 June 2013 were \$1,711,659 (2012: \$1,517,874).

Notes to the Financial Statements

For the financial year ended 30 June 2013

20 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.

21 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.

22 RISK MANAGEMENT

Financial Risk Management Objectives, Policies and Processes

The Fund's assets principally consists of financial instruments which comprise shares in Listed Companies, units in collective investment vehicles such as pooled superannuation trusts and other unitised investments. The Trustee has determined that this type of investment is appropriate for the Fund and is in accordance with the Fund's published investment strategy.

The main risks arising from the Fund's financial instruments are interest rate risk, credit risk, market price risk and foreign currency risk. The nature and extent of the financial instruments employed by the Fund are discussed below. This note represents information about the fund's exposure to each of the risks, the Fund's objectives, policies and processes for measuring and managing the risk.

The Board of Directors of the Trustee has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Trustee's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund's Investment Manager, 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 Fund's activities.

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.

The Trustee acknowledges that an integral part of its good governance practice is a sound and prudent risk management framework. The risk framework is documented in the Fund's Risk Management Plan and Strategy which is subject to regular review both by management and the Board and an annual audit of compliance.

The Board has established an Investment committee consisting of selected Board Members with appropriate Investment experience. The Investment Committee which is responsible for developing and monitoring the Fund's risk management policies related to investment activities. This includes oversight of the allocation of investments to fund managers, evaluating their performance and providing recommendations to the Board who has ultimate responsibility for the appointment of fund managers.

Notes to the Financial Statements

For the financial year ended 30 June 2013

22 RISK MANAGEMENT (Cont.)

Further, the Fund undertakes extensive due diligence to ensure Fund Managers have appropriate skills and expertise to manage the Fund's allocated investments prior to their appointment. The Investment Department tracks the Fund's investment value on a daily basis through appropriate monitoring of the market conditions and benchmark analysis. Frontier Investment Advisors has been appointed to provide expert advice regarding the management of the Fund's investment portfolio in accordance with the investment strategy.

The Trustee's Audit and compliance committee oversees how management monitors compliance with the Fund and its controlled entities' risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Trustee's Audit and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit and Compliance Committee.

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, 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.

To mitigate market risk, the Fund undertake extensive due diligence prior to the appointment of Fund Managers to ensure they have appropriate expertise and skill for monitoring of the market conditions and benchmark analysis. Further Frontier Investment Advisors have been appointed to provide expert investment advice.

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 Fund's total net exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows:

Currency	Up	Down	Carrying Value	Increase on Net Assets	Decrease on Net Assets
2013					
USD	10%	-10%	11,823,264	1,313,696	(1,074,842)
EUR	10%	-10%	2,660,705	294,523	(240,973)
GBP	10%	-10%	185,790	20,643	(16,890)
2012					
USD	10%	-10%	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

Notes to the Financial Statements

For the financial year ended 30 June 2013

22 RISK MANAGEMENT (Cont.)

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flow 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 Financial Position 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 2013 and changes in fair value of investments for the year, based on revaluing fixed rate financial assets at 30 June 2013.

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

Interest Bearing Instrument	2013	2012
Cash & Cash Equivalents	5,845,044	3,692,615
Cash & Capital Guaranteed	199,034,588	116,056,974
Fixed Interest	443,848,147	421,158,123
Total	648,727,780	540,907,712

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
2013					
Cash & Cash Equivalents	50bps	-50bp	5,845,044	29,225	(29,225)
Cash & Capital Guaranteed	50bps	-50bp	199,034,588	995,173	(995,173)
Fixed Interest	50bps	-50bp	443,848,147	2,219,241	(2,219,241)
Total			648,727,780	3,243,639	(3,243,639)
2012					
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)
Total			540,907,712	2,704,539	(2,704,539)

Notes to the Financial Statements

For the financial year ended 30 June 2013

22 RISK MANAGEMENT (Cont.)

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 2012 the following movements in other price risks are considered reasonably possible for the 2012 reporting period.

Asset Class	Up	Down	Carrying Value	Increase on Net Assets	Decrease on Net Assets
2013					
Aust. listed Equities	10%	-10%	404,407,966	40,440,797	(40,440,797)
Aust. Unlisted equities	10%	-10%	105,031,096	10,503,110	(10,503,110)
Internat. listed equities	10%	-10%	344,335,154	34,433,515	(34,433,515)
Property	10%	-10%	182,411,008	18,241,101	(18,241,101)
Internat. Private Equity	10%	-10%	61,542,641	6,154,264	(6,154,264)
Other	10%	-10%	2	0	(0)
Aust. Infrastructure	10%	-10%	94,135,174	9,413,517	(9,413,517)
Internat. Infrastructure	10%	-10%	62,262,794	6,226,279	(6,226,279)
Total			1,254,125,836	125,412,584	(125,412,584)
2012					
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)
Total			1,130,270,709	113,027,071	(113,027,071)

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 is 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.

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:

Notes to the Financial Statements

For the financial year ended 30 June 2013

22 RISK MANAGEMENT (Cont.)

Asset Class	2013	2012
Cash & Cash Equivalents	5,845,044	3,692,615
Cash & Capital Guaranteed	199,034,588	116,056,974
Fixed Interest	443,848,147	421,158,123
Aust. Listed Equities	404,407,966	397,555,793
Aust. Unlisted Equities	105,031,096	87,566,564
Internat..listed equities	344,335,154	255,773,415
Property	182,411,008	207,810,935
Internat.Private Equity	61,542,641	61,074,399
Other	2	350,064
Aust. Infrastructure	94,135,174	84,682,916
Internat. Infrastructure	62,262,794	35,456,621
Total	1,902,853,616	1,671,178,420

Liquidity risk

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

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

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

	Less Than 1 Month	1-3 Months	3-12 Months	More Than 12 Months
2013				
Sundry Creditors	(4,244,260)	-	-	-
Vested Benefits	1,878,272,911	-	-	-
Derivative Liabilities				
- Inflows	-	-	-	-
- Outflows	-	-	-	-
2012				
Sundry Creditors	4,497,078	-	-	-
Vested Benefits	1,667,241,369	-	-	-
Derivative Liabilities				
- Inflows	-	-	10,339	2,759,091
- Outflows	-	-	(50)	-

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

Notes to the Financial Statements

For the financial year ended 30 June 2013

22 RISK MANAGEMENT (Cont.)

Fair value measurements recognised in the statement of financial position

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

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2013				
Cash & Cash Deposits	175,046,819			175,046,819
Listed Equities	149,146,979			149,146,979
Listed Property Trusts	4,794,448			4,794,448
Listed Unit Trusts				0
Outstanding settlements	4,581,978			4,581,978
Warrants				0
Liabilities				-
Fixed Interest Bonds		1,033,966		1,033,966
Floating Rate Notes	1,030,002	28,306,630	8,987,744	38,324,376
Life Insurance Policies				0
Mortgage Back Securities		27,073,848		27,073,848
Preference Shares	2,037,600		35,000	2,072,600
Unlisted Equities		31,647,524	1,839,592	33,487,116
Unlisted Scheme		1,462,958,871		1,462,958,871
	336,637,826	1,551,020,839	10,862,335	1,898,521,000
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2012				
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
	326,567,868	1,337,188,767	7,421,785	1,671,178,420

Reconciliation of level 3 net market value measurements of financial assets

Notes to the Financial Statements

For the financial year ended 30 June 2013

22 RISK MANAGEMENT (Cont.)

Reconciliation of level 3 net market value measurements of financial assets

	Net market value	
	2013	2012
Opening Balance	7,421,785	1,568,493
Total Gains or losses in profit or loss	30,000	306,099
Reclassification from Level 2	3,410,550	5,547,193
Closing Balance	10,862,335	7,421,785

23 AUDITOR'S REMUNERATION

	Jun-13	Jun-12
	\$	\$
Amounts received or due and receivable by KPMG for: an audit of the financial statements of the entity	66,894	66,000
	66,894	66,000

24 COMMITMENTS AND CONTINGENT LIABILITIES

Investments

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

	Jun-13	Jun-12
	\$	\$
Within one year		
Private Equity	83,400,000	100,700,000
Property	850,000	36,600,000
Floating Rate Debt	12,300,000	-
	96,550,000	137,300,000

25 PRIOR YEAR ADJUSTMENTS

No prior year adjustment

26 EVENTS AFTER BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transactions 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 the Trustees of First Super:

1. The accompanying financial statements of First Super are drawn up so as to present fairly the financial position of the Fund as at 30 June 2013 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 25 March 1985, as amended and in compliance with
 - * The requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations;
 - * Applicable sections of the Corporations Act 2001 and Regulations;
 - * The requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001; and
3. The financial statements have been prepared in accordance with Accounting Standards, other mandatory reporting requirements and the provisions of the Trust Deed dated (25 March 1985), as amended.

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

Dated in Melbourne this _____ day of _____, 2013



Director



Director