



PRIME SUPER ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

Part of your community

Issued by the Trustee:

Farm Plan Pty Limited ABN 81 067 241 016;
AFSL No. 219723; RSE Licence No. L0000 277
Prime Super ABN 60 562 335 823; RN 1000276



Message from the Chairman

It's a pleasure to be reporting to you again about the operations of Prime Super for the 12 months to June 2008. A year marked with economic volatility as well as new opportunities for change and development.

It has also been a year of consolidation for all of us operating under the new "Simpler Super" legislation as well as changes in the economic environment. So at Prime Super our focus has been on continuing to improve the efficiency of the services we offer as well as providing new ways to help our members prepare for their retirement. We are pleased to provide details of these changes and innovations in this Report.

The economic uncertainty this year has brought particular challenges for us. Our experience tells us that these cyclical changes in the economy can be an uncertain time for our members. At Prime Super we prepare and plan for volatility in investment markets and in the following pages you can read about how Prime Super's investment strategies are designed to ride out these short term corrections and provide solid long term returns.

The Australian economy has been impacted during the year by the turmoil in credit markets but has also continued to benefit from the resources boom. In particular, record prices for coal and iron ore boosted national income and helped lift the Australian dollar to US96 cents. Interest rates also rose, due to the Reserve Bank acting to dampen inflationary pressures, and reflecting global credit market pressures. The Australian share market fell by 13.7%, whilst the international share market fell by 21.3% (unhedged). The correction in the Australian share market comes after four successive years of returns of more than 20% per annum.

By the end of 2007/08 financial markets were still unsettled and economic conditions have become less favourable. No doubt a challenging year lies ahead for us all.

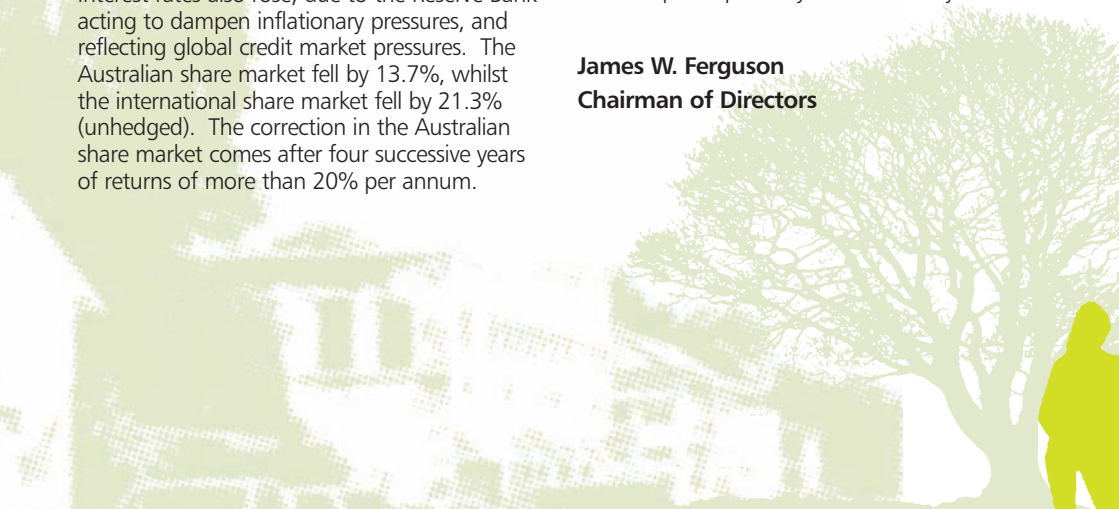
The Trustees and staff at Prime Super are an experienced and dedicated management team. When combined with our external specialists we have the knowledge, strength and stability to meet these challenges when it really counts.

Part of your community

So we look ahead into 2008/09 excited about the future direction of Prime Super while maintaining our strength and stability which together give us the ability to steer confidently through uncertain economic times. Our first priority is, of course, the interests of our members and we look forward to reaching out to you in many new and innovative ways.

We affirm our commitment to rural and regional Australia and are prepared to meet the geographical challenges of providing a quality service to our members across Australia. The value of our relationships with your Industry and Community leaders cannot be overstated and we appreciate their support and comments which we have featured throughout this Report. It is the efforts of these people that help us to reach you across Australia, together with our people 'on the ground', who are representing Prime Super - "part of your community".

James W. Ferguson
Chairman of Directors



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Important information about this Report

This Report is a summary. The rules governing Prime Super are contained in a Trust Deed and the relevant law. A copy of the Trust Deed can be made available on request. In the event of a dispute the Trust Deed and relevant law will prevail over this Report. Information in this Report was up to date at the time of preparation. However, information can change from time to time. You can obtain up to date and additional information by:

- writing to Prime Super at: **PO Box 2229, Wollongong, NSW 2500**
- calling us on freecall: **1800 675 839**
- faxing us on freefax: **1800 023 662**
- email at: **administration@primesuper.com.au**
- visiting our website at: **www.primesuper.com.au**

You can also obtain a current Product Disclosure Statement by contacting Prime Super in any of the ways shown above.

From the Chief Executive Officer

It is my pleasure to be reporting to you on the details and results of the past year and how we are continuing to make improvements which will benefit you into the future.

Getting back to basics

There is no doubt that when the economic environment is uncertain, we all tend to take stock of our position. However rushing in and reacting to the uncertainty can cause more problems than it solves! So our team at Prime Super has been focused on 'getting back to basics'. This means we have been looking even more closely at how and why we do things and at every stage questioning how it will benefit you and your savings goals.

We are well aware that making a financial commitment towards your superannuation can be difficult, particularly with the legislative complexities that surround it and the uncertainty of investment markets that we are currently experiencing. One of our priorities is to make this as easy for you as possible. Sharing of information, quick response times and a presence in your community are three ways we hope to make your super simple and accessible. This year has been about consolidating and putting the right people in place to achieve these goals. In the following pages we will share news about our progress.

Some tangible results and good news

We are pleased to be reporting on our achievements as well as important changes to the fund and to member services throughout the year including:

- A review of the Trustee's investment strategy has delivered favourable results with above average returns in the Balanced option for each of the last two years. These are pleasing results for a very volatile period in investment markets.
- The Balanced option has returned a solid 8.20% p.a. average over the last five years.

- If you chose your own investment mix, our International Equity option delivered a top quartile performance for the past year. For members with a more conservative approach, our Property, Fixed Interest and Cash options all produced above average returns for the year with 8.49%, 4.79% and 5.66% respectively.
- Improvements to our web-based technology with more on the way.
- Some members have received the benefit of lower fees which were introduced last year.
- Staff appointments in regional Australia to provide local services.
- A new innovative investment option for investors interested in a different approach.
- Important research including a survey of our members to receive valuable feedback about the operations of the fund.
- New people to deliver the services you asked for.

There are a number of other important messages in this Annual Report that are particularly relevant this year, and most importantly, the benefits of superannuation as a long term investment. We have developed an investment strategy that aims to provide favourable returns throughout the investment cycle, to help you maximize your retirement savings.

We appreciate your continuing support and look forward to keeping in touch with you during the coming year and reporting on the issues that matter to you.

Lachlan Baird
Chief Executive Officer

We're getting 'back to basics'

Experience and strength when it counts

Prime Super's management team comprises a group of experienced managers with close to 200 years collective experience in the superannuation and financial services industry. Our skills and experience extend across business functions such as Operations, Compliance, Investment Management, Sales, Marketing and Communications.

The management team also uses a number of external, professional service providers who supply valuable services to the Fund in their specialist areas. Here we are introducing you to these important organisations. Later in this Report we have provided a detailed profile of this team of service providers that work behind the scenes to assist us manage your fund to help you achieve your retirement goals.

Access Capital Advisers Pty Ltd, for example, provides advice on the management of the Fund's investments. It is their responsibility to provide advice to the Trustee and to implement the Trustee's decisions, policies and strategies when managing the Fund's investments.

Similarly, **Metlife Insurance Limited**, who underwrite your insured death, disablement and income protection benefits, have a long history of protecting Australians against financial losses.

You would from time to time see reference to the Fund's Custodian who is **National Custodian Services**, a division of the National Australia Bank. The Custodian is appointed by the Trustee and their role is to hold the assets of the Fund on behalf of the Members. The Custodian allows for greater efficiency and economy in the management of investment transactions as well as a greater level of security.

As with most superannuation funds, we appoint superannuation administration specialists to manage the day-to-day administration of the Fund, Member Account records and daily transactions.

Our appointed Administrator, **Pillar Administration** is a very experienced administrator with a history going back to 1912.

An investment strategy for the long-term

You will recall in our 2007 Annual Report we informed you of the appointment of our (then) new asset consultants and some changes to the Fund's investment strategies. The details of these phased-in changes are explained later in this Report.

The Trustee's overall objective is to produce above average returns over the longer term while minimizing the impact of volatility in the investments markets. This is reflected in the recent solid performance of the Fund's Balanced investment option.

Even while we face the reality of the short-term consequences created by market volatility, our long-term plans are not side-tracked. This does not mean that the details of the investment strategy won't continue to change, it's dynamic and responsive. However, underlying all our policy decisions are long-term goals and target returns.

There is more information about the Fund's investments later in this Report. If you would like to read more about the Trustee's Investment Policy it is available on the Prime Super website www.primesuper.com.au.

A dynamic and responsive approach

In our Annual Report for 2007 we also reported on some important changes to the allocation of investment assets with a new class of assets called the Target Return Portfolio. This portfolio invests in assets such as infrastructure and private equity, among others. These assets will only be acquired if the real rate of return (after inflation, tax and costs) is expected to exceed 5% pa over the long term and the return is expected to adequately compensate for the underling risk of the investment.

While this style of investing requires active risk management, the Trustees believe that a significant advantage is that the performance of assets in the Target Return Portfolio will tend to be relatively independent of the returns from listed equity. During 2007 the Target Return Portfolio was made available to Members.

A good example of our new style of investing is an infrastructure investment in Southern Water. Prime Super now owns a portion of this company which provides water to south eastern England.

We have invested around A\$33 million this year, and the return on this investment, after direct costs and taxes was around 7%. This compares favorably with a return of -13.7% on the Australian Stock Market and -21.3% on international stock markets.

What the economic picture means for you

Superannuation is one of the most tax-efficient forms of investment. Of course, investment performance is also impacted by Australia's and the world's economic and political environment. Unfortunately the natural consequences of this volatility are periods of negative growth and losses in investment markets like we have seen in the past year. It has been a challenging and uncertain time for all investors and it is expected to continue into the coming year.

What's happening in the global economy?

Around the world, lending standards declined and financial markets were subjected to volatile swings in sentiment. The Australian share market fell by almost 14 per cent, having risen by more than 20 per cent in each of the previous 4 years. Share markets in other advanced economies also fell by around 21 per cent in this last year.

Initially, the global economic backdrop was favourable, with strong growth and low inflation widespread. The emerging economies, led by China, were especially robust and their growing demand for raw materials elevated prices for many commodities.

However, the changed financial environment and higher prices for oil and key foods slowed down growth and continue to raise fears of a recession in the US and parts of Western Europe. Inflation rates in many countries doubled as oil prices grew from US\$70 per barrel to over US\$130 per barrel.

At the end of 2007-08, financial markets remained unsettled and economic conditions became less favourable. Another challenging year lies ahead.

Returns on your investments

The Table below shows historical rates of return for each investment strategy for the past five years to 30 June 2008.

Prime Super Superannuation Fund Investment Returns

The rates are net of all investment related costs such as fees charged by investment managers, investment expenses incurred by the Fund and any applicable tax.

Investment Options		2008	2007	2006	2005	2004	Compound Averages
PRE-MIXED OPTIONS	Target Return Portfolio	-6.03%*					-6.03% p.a. over 1 year
	Managed Growth	-7.85%	15.94%	15.03%	12.27%	17.50%	10.15% p.a. over 5 years
	Balanced**	-6.92%	15.20%	12.50%	10.75%	11.00%	8.20% p.a. over 5 years
	Capital Stable	-2.56%	6.63%	6.53%	8.66%	8.32%****	5.43% p.a. over 5 years
SECTOR OPTIONS	Australian Equities	-12.57%	25.92%	7.83%			8.58% p.a. over 2.5 years***
	International Equities	-14.76%	14.05%	3.05%			1.07% p.a. over 2.5 years***
	Property	8.49%	17.81%	7.19%			13.67% p.a. over 2.5 years***
	Fixed Interest	4.79%	2.49%	0.63%			2.83% p.a. over 2.5 years***
	Cash	5.66%	4.93%	2.12%			4.96% p.a. over 2.5 years***

* Target Return Portfolio first opened to Members from 1 July, 2007.

** The Balanced options for the Choice and Hort Divisions merged with the Essential & AHTIS divisions from 1 July, 2007.

*** 30 month returns as options first offered from 1 January, 2006.

**** Annualized return, first offered from 1 March 2004.

Please note that past performance should not be taken as an indication of future performance.

A detailed description of your Fund's investment profile is provided later in this Report.

The one year return for the International Equity option is a first quartile return, and the three year return on the Property option is a first quartile return.

Prime Super Income Stream Investment Returns

The Prime Super Allocated Income Stream and the Non-Commutable Allocated Income Stream both commenced on 1 July 2006. The investment returns shown below for the years ended 30 June, 2007 and 30 June 2008 are net of all investment related costs such as fees charged by investment managers, investment expenses incurred by the Fund and any applicable tax.

Investment Option	2008	2007	Compound Average
PRE-MIXED OPTIONS			
Target Return Portfolio	-6.89%	N/A*	-6.89% p.a over 1 year
Managed Growth	-9.29%	17.95%	3.44% p.a over 2 years
Balanced	-8.44%	12.69%	1.58% p.a over 2 years
Capital Stable	-3.05%	7.52%	2.10% p.a over 2 years
SECTOR OPTIONS			
Australian Equities	-13.92%	28.46%	5.16% p.a over 2 years
International Equities	-16.80%	16.33%	-1.62% p.a over 2 years
Property	9.26%	20.00%	14.50% p.a over 2 years
Fixed Interest	5.44%	2.89%	4.16% p.a over 2 years
Cash	6.70%	5.89%	6.30% p.a over 2 years

*Target Return Portfolio first opened to Members from 1 July, 2007.

Please note that past performance should not be taken as an indication of future performance.

Staying focused on the 'big picture'

We have provided these longer term results to remind you that your investment in Prime Super is a long term savings strategy and there are times when investment markets can be volatile. We suggest that if you are nearing retirement you may need to take a shorter term perspective on your investment strategy and, regardless of market movements, it may be time to review your personal circumstances.

Keep in mind that you may have the option of rolling-over your superannuation savings to a Prime Super Allocated or Non-Commutable Allocated Income Stream to draw down tax-efficient income.

This means you can defer redeeming any investments if the timing of your retirement or need for additional income does not fit in well with investment cycles.

Your Financial Advisor can help you with these decisions as well as deciding whether your investment profile within Prime Super suits your current needs. As you know Prime Super offers a range of investment options to suit your particular circumstances. We can refer you to an independent Financial Advisor if you don't currently have access to professional support. (See 'When you need Financial advice'.)

Prime Super has been a major supporter of The Shearing Contractors Association of Australia and the rural industry in general, for more than 10 years. Without the support of organisations such as Prime Super, many of the projects undertaken by the SCAA, especially in the areas of Training, Health and Safety of workers, would not be possible. It is therefore fair to say that Prime Super is not only looking after the financial well being of its members but is also contributing to their physical well-being. On behalf of the Shearing Industry - thank you Prime Super.

- Jason Letchford, Secretary SCAA

Digging deep with our resources

During this time of consolidation it has been appropriate for us to review internal operations and the allocation of resources. Our vision is to deliver the highest standards of services to our members and to employers. With this in mind we have appointed our new General Manager – Operations who is working hard to develop the people and technology needed to provide leading-edge service in the day-to-day operations of the Fund. We want your dealings with Prime Super to be quick, easy and helpful.

Of strategic importance was the appointment of our National Relationship Manager who is managing our Regional and Business Managers based in regional and rural locations. We now have offices in Maryborough (Qld), Toowoomba (Qld), Tamworth (NSW) as well as Brisbane, Perth and Melbourne. We plan to appoint a regional manager in Southern NSW and will continue to develop new offices throughout Regional Australia. This is a demonstration of our commitment to expand the local services we provide to our members, where our members are!

We have also appointed our new Marketing and Communications Manager. This means we can add more value when we 'talk' to you and employers about all the issues affecting regional and rural Australians including your savings and retirement goals, the economy, shifts in government policy, relevant global or local events and the day-to-day management of your benefits and Fund. This also means that we will be fine-tuning the way we communicate with you and the way the Fund looks because there is always room for improvement. We will keep you informed as these changes take place.

Some tangible results and good news

E-commerce update:

One of the ways we are making your super easier is by developing technology and our web-based services. More and more employers are making use of this easy method of paying contributions. The feedback is that the new on-line receipt makes it even easier. Over the coming year we will be letting you know about more changes including a benefit quote on-line and an option for changing your Nominated Beneficiary details.

Member's feedback:

Another is our commitment to having a very clear understanding of what our Members think about super and what they need, and this means asking the hard questions. We have recently contacted a number of members and employers and asked for their views on Prime Super and the benefits and services we offer, and to find out what we can do better. This information will be invaluable in developing our members' services further as well as using the Fund's resources prudently.

We will always be interested in the views of Members and encourage you to call or write to us at any time. The best method is a quick email to our new feedback line at feedback@primesuper.com.au. It's great to hear what we are doing well or not-so-well and about the issues that are important to you. Your feedback email will reach the people who will use this information and initiate change when it's needed.

Lower fees:

Some more good news is that members are now seeing the benefit of the lower trustee fee which was capped last year at \$500 once your account balance reached \$100,000. This meant that the maximum fee which can be charged to your Member Account, regardless of the size of the account, and including the weekly administration fee, is \$552 pa.

The costs of investing are deducted from the overall investment earnings of the fund before earnings rates to be credited to your member account is determined. The fees and costs are therefore passed onto you by way of a reduced rate of return being applied to your account. The investment earnings shown on your statement are net of these fees and costs, as well as investment taxes.

Financial protection for your family

One of the issues we feel strongly about at Prime Super is the importance of protecting you and your family in the event you become seriously ill or are injured. This can be catastrophic for a family and statistics show, in the case of accidents, it happens more often in regional areas than it does in our cities.

It has therefore been an important element of our Fund's benefit design to offer our new members who are under the age of 70 automatic insurance cover. The insurance covers the events of death and total and permanent disablement. The cost is \$3 per week which is deducted from your Member Account. You can also elect to increase your cover to meet your personal needs and circumstances.

You have the option of declining the cover by simply notifying us that you don't want it. However, we often remind our Members that this is very competitive insurance cover, it is tax effective and you're not required to provide evidence of good health. It's a low cost, simple and effective way to protect your family.

Remember

It's only when you really need insurance cover that you realise how important it is!

Seven ways to grow your super

Prime Super will also help you make the most of your super by making a number of options available to you to grow your savings quickly. Here is a summary of seven important ways you can grow your super:

1. Make regular personal savings- a small amount makes all the difference

Even small regular contributions will make a big difference to the amount of your savings at retirement. For example, did you know that if you contributed \$20 per week, earning 5% pa interest, your savings could grow to approximately \$13,500 after 10 years and \$35,800 after 20 years**. With Prime Super all of your contributions which are paid from after-tax income go straight into your Member Account and are invested – there are no fees or tax payable on your deposit.

You can go to www.primesuper.com.au to download a 'Personal Contributions by EFT' form to make a direct payment to your Member Account or ask your employer to make regular deductions from your pay. If you are self-employed you can use this same form and contribute whenever it suits you.

** Calculated using monthly compound interest assumptions and not allowing for the impact of any fees or charges that may be applied.

2. 'Salary sacrifice' your contributions and reduce your tax at the same time

Talk to your employer to find out if you can have some of your salary paid as super contributions into your Prime Super Member Account. This is a great way to grow your super savings and reduce your taxable income at the same time. Your employer can arrange to make regular deductions from your pay.

You can also go to www.primesuper.com.au to download a 'Personal Contributions by EFT' form to make a direct payment to your Prime Super Member Account whenever it suits you.

3. Roll in your other accounts and make your super simple

If you have other superannuation savings, it makes sense to combine them into one account. It will make your super much simpler and save you time and money because you are not managing more than one account or paying more than one set of fees.

Once you complete a Rollover form (available from www.primesuper.com.au or call us on **1800 675 839**) Prime Super will arrange it all for you.

4. Let the Government help you get there with the Co-contribution

It's important to check whether you are eligible for the Government Co-contribution. If you make personal contributions you could receive up to \$1,500 pa from the Government which is deposited straight into your Prime Super Member Account.

Call us on **1800 675 839** for help or go to the Australian Tax Office website at www.ato.gov.au for full details.

5. Start super for your spouse and share the benefits

Depending on your spouse's income, you may qualify for a tax offset on contributions of up to \$3,000 if you make a contribution on his or her behalf. Your spouse simply completes an Application to join Prime Super which is attached to our Product Disclose Statement.

Visit our website or call us on **1800 675 839** for help getting started.

6. If you are over 55 you can now reduce your tax and boost your super at the same time

Take advantage of the new 'transition to retirement' strategies. You can work full-time or part-time and use an Income Stream from your super fund to provide some extra income. You can then Salary Sacrifice more of your pay into super, reduce your tax and increase your superannuation benefits.

Check with your financial advisor if this strategy is right for you then call Prime Super on **1800 675 839** for the Product Disclosure Statement to get started.

7. Find that lost super

The Australian Tax Office keeps a register of people who have been reported by their super fund as being lost. This register is called the Lost Members Register (LMR).

If you call Prime Super we can help you find it but remember to complete the Rollover form (3. above) so you can transfer the benefit to your Prime Super Member Account.

For more information about these 'Seven ways to grow your super' call Prime Super on **1800 675 839** for the complete Booklet which will give you all the information you need to get started.

Your Prime Super Team of Specialists

Access Capital Advisers Pty. Limited

Prime Super uses Access Capital Advisers Pty Limited ("Access"), Australasia's largest asset consultant and asset adviser, as the Fund's asset consultant to advise the Trustees on the Fund's investments. They provide customised advice on the construction and management of the investment portfolio. This means working closely with the Trustees to develop the Fund's investment approach and making recommendations to the Trustees on the investment strategy to be adopted and the managers and investments to be employed.

From their offices in Sydney, Melbourne, London, New York and their headquarters in Canberra, Access is able to provide the Trustees with direct access to the major financial centres, managers and investment opportunities around the world.

Access Economics was established in 1988 by a senior economist from Commonwealth Treasury, to provide private sector clients with the quality of economic information and policy advice normally given confidentially to Government Ministers.

Quickly, the company became one of Australia's leading economic consulting firms, with an international reputation for quality, independence, credibility, innovation and policy agenda-setting.

In 1996, Access Economics started to provide investment advisory services to some of Australia's leading superannuation funds and soon established a reputation as Australia's top performing asset consultant. With the continued success and growth in the provision of investment advisory services the companies name was changed to Access Capital Advisers to reflect the investment advisory activities undertaken.

MetLife Insurance Limited

MetLife Insurance Limited (MetLife), an affiliate of MetLife Inc. (incorporated in U.S.), is a life insurance company providing life insurance solutions. In Australia, MetLife offers institutional and personal life insurance through a variety of channels.

With a Standard & Poors rating of AA- and the support and experience of the largest life insurer in the United States, MetLife brings confidence and ability to the Australian group insurance market. MetLife's local perspective, backed by global experience and an ongoing emphasis on partnership, commitment and product innovation, gives it an edge in reaching the marketplace, supporting customers and managing operations with efficiency.

MetLife is one of the top 5 group insurers in Australia and one of the largest non-banking providers of life products. MetLife has a relationship with some of Australia's largest superannuation funds, being among the top 3 providers of insurance to Industry funds. Their group insurance business currently has over \$180 million of premiums in force and offers both group life and income protection products. Since 2005, MetLife has rapidly grown its market share, doubling the size of its group business.

Globally, the MetLife companies have been helping people build financial freedom for 140 years and today provide insurance and other financial services to over 70 million customers worldwide. In the U.S., MetLife Inc. services 90 of the top one hundred FORTUNE 500 companies. Outside the U.S., the MetLife companies have operations throughout Latin America, Europe and the Asia Pacific.



The United Dairy Farmers of Victoria represents 72 per cent of Victoria's dairy farms and grass roots farmers across the state. ...

Throughout the past year Prime Super have become a regular and welcome sponsor of our Branch Information nights. Our members have welcomed the accessible and easygoing way that Prime Super's Rod Stewart and David Leishman relate to farmers. Superannuation and succession planning are always popular topics among dairy farmers and Prime Super's availability and support has helped us meet the needs of our members.

- Emily Bogue, UDV Communications Adviser
Victorian Farmers Federation

Pillar Administration

Pillar Administration is a leading administrator of large superannuation funds and retirement income streams, dedicated to providing high quality, responsive services to fund trustees, members and employers. Pillar has a long history in administering superannuation funds, beginning with schemes for NSW State Government employees in 1912.

Pillar Administration:

- provides superannuation administration and related services in both the public and private sectors;
- is a New South Wales statutory State owned corporation established by the Superannuation Administration Authority Corporatisation Act 1999 (NSW); and
- is governed by a Board of Directors that reports to Shareholding Ministers appointed under the State Owned Corporations Act 1989 (NSW), and to a Portfolio Minister.

As at 30 June 2008 Pillar administered superannuation funds that had approximately 1.77 million members (including members receiving superannuation pensions) and total fund assets of over \$52.2 billion. The total number of members and fund assets under administration has increased by over almost 100% in the past 4 years. Pillar has approximately 545 employees.

NAB Custodian Services

NAB Custodian Services (NCS) is a division of the National Australia Bank. NCS has been in operation since 1950 and is Australia's leading custodian.

NCS provides a comprehensive range of products and 24 hour service to institutions including Australian superannuation funds, Australian Government instrumentalities, Australian insurers, master trusts and investment managers.

NCS provides a wealth of experience in delivering a best practice integrated operating model that meets specific client needs.

NCS offers it's clients, including Prime Super:

- A contract with NAB, not a subsidiary company
- A strong relationship with Australia's largest custodian able to reinvest heavily into its business for the benefit of its clients
- Global reach through NAB Custodian's partnership with the Bank of New York
- A market innovator for online reporting and registry services
- A market leader in Fund Accounting and Tax Services
- A market benchmark for security of client assets
- Experience in people
- Strong technology support
- Secure communication and strong risk management framework



Important information about your Fund's investments

Your investment options

All members have access to a range of investment choice options, including the following **pre-mixed options**:

- Target Return;
- Managed Growth;
- Balanced (default offering);
- Capital Stable;

And the following sector options:

- Australian Equities;
- International Equities;
- Property;
- Diversified Fixed Interest; and
- Cash.

Members can choose any combination of these options and can direct future contributions into the same options or a different combination of options.

An overview of the Trustee's investment strategy

The investment options offered to members are managed according to a strategy devised by the Trustee and its Asset Consultant to produce above average returns over the long term, for the level of investment risk assumed.

Generally, each investment option is designed to

- maximise the real rate of return after costs, for the investment allocation of the specified option;
- hold risk to a level consistent with each investment option; and
- maintain adequate liquidity to avoid incurring unnecessary transaction costs.

This involves dividing the pre-mixed options into a **Market Return Portfolio** and a **Target Return Portfolio**.

The **Market Return Portfolio** is a reliable long-term means of building wealth. Its reliability stems from the ability of investors to diversify their investment within asset classes. This

approach means that investors are exposed primarily to the risk of the health and growth of the economy, and less to the performance of individual investment managers. Although economic cycles will continue, the long-term trend reflects positive growth.

The market return portfolio has a high weighting to investment managers that invest in an 'enhanced passive management' style. Enhanced passive managers invest to provide a return that exceeds an index return, such as the ASX 300 for Australian Equities, and charge very low fees for doing so. An enhanced passive manager can out perform the index by exploiting small inefficiencies within the market, such as stock prices which are lower than the manager's valuation of the stock.

In contrast, the **Target Return Portfolio** involves active risk taking. The Target Return Portfolio contains non-traditional investments such as infrastructure, private equity, absolute return funds, natural resource investments and credit opportunities. Some investments are so diverse in nature that they may sit across two or more of these categories. Generally, these investments are directly negotiated, sometimes in conjunction with other large investors, to confer significant contractual rights and benefits. They are true wholesale investments that attract a higher rate of return, often underwritten by governments or major corporations.

As investments within the Target Return Portfolio have a different risk profile to investments in the general market it is important to balance the risk associated with any one investment to the risk of the portfolio as a whole. The overall risk of the Target Return Portfolio is therefore managed through diversification across a number of different individual investments and across a number of different asset clusters (infrastructure, direct property, private equity, absolute return funds, natural resources and credit opportunities). By maintaining a maximum exposure limit, the portfolio is not overly exposed to any one individual investment or asset cluster.

The pre-mixed investment options offered to members are made up from different exposures to the two portfolios. This is managed as part of the asset allocation of each investment option.

An update on the allocation of assets

The current investment strategy was adopted in September 2006, and we are in the process of migrating our investments to this new strategy.

The table below shows the strategic asset allocation for each investment option at 30 June 2008.

Strategic Asset Allocation

Target Asset Allocation	Investment Options								
	Managed Growth (%)	Balanced Option (%)	Capital Stable (%)	Target Return (%)	Internat'l Equities (%)	Australian Equities (%)	Property (%)	Fixed Interest (%)	Cash (%)
Target Return Portfolio	75.0	42.5	30.0	100.0	0.0	0.0	100.0*	0.0	0.0
Market Return Portfolio									
Cash	0.0	1.0	35.0	0.0	0.0	0.0	0.0	0.0	100.0
Aust Fixed Interest	0.0	0.0	5.5	0.0	0.0	0.0	0.0	45-70	0.0
Overseas Fixed Interest	0.0	0.0	5.5	0.0	0.0	0.0	0.0	30-55	0.0
Australian Equities	13.0	31.0	14.0	0.0	0.0	100.0	0.0	0.0	0.0
International Equities	10.0	23.5	10.0	0.0	100.0	0.0	0.0	0.0	0.0
Emerging Markets	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* The Property investment choice option is invested 100% in property investment within the Target Return Portfolio.

The table above does not generally show any variance in the asset allocation over time. This does not mean that the asset allocation cannot vary, only that the Trustee does not intend to vary the asset allocation to pursue short term investment trends. Generally the Trustee will hold asset allocations at the levels stated for each investment portfolio unless a contingency makes a temporary departure prudent, or larger scale economic developments indicate long term changes should be made to increase anticipated returns, decrease investment risk or both so that the investment objectives can be met.

Asset allocation ranges

To increase efficiency and decrease transaction costs across all investment options, cash flow for all investment options is managed through the Balanced investment option. The asset allocation range for the Balanced investment option is shown below. You should be aware that the actual allocation may, on occasions, fall outside the ranges.

The returns for options other than the Balanced option and the Target Return Portfolio option are calculated based on the strategic asset allocation as shown in the previous table. The return for the Balanced option and the Target Return Portfolio option are based on the actual asset allocations, which are set out in the tables below.

Asset Allocation for Balanced Option

Asset Allocation	Asset Allocation Ranges Balanced Option	Actual Asset Allocation as at 30 June 2008
Target Return Portfolio		
Property	0.0% – 22.5%	15.0%
Private Equity	0.0% – 15.0%	3.3%
Absolute Return*	0.0% – 10.0%	4.3%
Natural Resources	0.0% – 5.0%	0.0%
Credit Opportunities	0.0% – 10.0%	1.9%
Infrastructure Investments	0.0% – 25.0%	10.2%
	25.0 % - 48.0%	34.7%
Market Return Portfolio		
Cash	0.0% - 8.0%	15.5%
Aust Fixed Interest	0.0% - 15.0%	1.7%
Overseas Fixed Interest	0.0% - 10.0%	0.1%
Australian Equities	20.0% - 40.0%	27.8%
International Equities	15.0% - 35.0%	17.7%
Emerging Markets	0.0% - 5.0%	2.5%
	52.0% - 75.0%	65.3%
Total		100.0%

* Absolute return funds (or Hedge Funds) aim to deliver positive returns in both rising and falling markets.

The investment techniques adopted by Absolute Return Funds may be different to methods employed by traditional fund managers as these funds have greater scope to use derivatives, short positions, and exotic securities.

Some of the investment techniques available to Absolute Return Funds include; Short selling, Hedging, Arbitrage, Low liquidity or distressed securities or Leveraging.

The underlying investments in an Absolute Return Fund may include stocks, bonds, currencies, mortgages, options, futures, metals, real estate securities, swaps, money markets, warrants, derivatives, and other exotic financial instruments.

Note: The asset allocation for the Target Return Investment option is in the same proportions as shown for the Balanced option in the table above.

At times the actual balance of an asset class may vary from the ranges to allow for short term rebalancing, or adjustments in the portfolio.

The introduction of the new investment strategy has necessitated significant changes in the investment portfolio. To manage these changes a staged transition has been developed. We have now completed the second phase of that transition and are currently targeting the Phase 3 weights. The changes in the portfolio under this transition to the new strategy are outlined in the table below.

Changes in Asset Allocations (phased strategy)

Asset Allocation	Phase 1	Phase 2	Phase 3	New Strategy
Target Return Portfolio	27.5%	32.5%	37.5%	42.5%
Market Return Portfolio				
Cash	8.0%	5.0%	4.0%	1.0%
Aust Fixed Interest	5.5%	3.5%	2.0%	0.0%
Overseas Fixed Interest	2.5%	1.5%	0.0%	0.0%
Australian Equities	31.0%	31.0%	31.0%	31.0%
International Equities	23.5%	23.5%	23.5%	23.5%
Emerging Markets	2.0%	2.0%	2.0%	2.0%
Total	100.0%	100.0%	100.0%	100.0%

The exact exposures at any date may vary depending on the availability of suitable Target Return Portfolio investments, however, it is anticipated that the new strategic asset allocation will be in place in 2009.

The main change being made to the Balanced investment option is to invest a portion of assets in the Target Return Portfolio. Conventional portfolio design uses defensive assets (cash and fixed interest) to dilute the risks of listed equity. In contrast, an allocation to the Target Return Portfolio helps diversify, at a whole of portfolio level, the Balanced option's exposure to listed equity markets. This approach is intended to provide a similar risk profile as traditional asset allocations, without the return dilution inherent in allocations to cash and fixed interest.

The investment objectives of the Balanced investment option have not changed and the new asset allocation should be seen as a more efficient way of achieving these objectives than the previous approach.

Policy on the use of derivatives

The Trustee may directly buy or sell derivative instruments and permits investment managers to use them. However, derivative investments may not be used by the Trustee or investment managers for speculative purposes. Use of derivatives is monitored and a Risk Management Statement has been prepared by the Trustee that limits use of derivatives to reducing costs, reducing risk, arbitrage and other defensive purposes.

Major investments of the Fund

The investments of the Fund as at 30 June 2008 are as follows. Investments that make up more than 5% or more of the value of the Fund are indicated with an asterisk (*).

Asset Class / Fund Manager	Gross Market Value \$'000	% of Total Fund
Australian Shares		
BGI Australia*	191,596	18.53%
Black Rock*	96,296	9.31%
Total	287,892	27.84%
International Shares		
BGI Int'l Alpha Eq*	110,198	10.66%
CFS Wholesale Global Emerging Markets	26,284	2.54%
SSGA Global Index Plus*	71,765	6.94%
Foreign Exchange Hedge	857	0.08%
Total	209,104	20.22%
Property		
AMP Wholesale Office Fund	8,153	0.79%
Blackstone Real Estate Part VI	5,855	0.57%
Deutsche W/S Property Trust	15,607	1.51%
FKP Core Plus 2 Fund	5,862	0.57%
GPT Wholesale Trust	18,267	1.77%
ICA Property Development Fund 3	754	0.07%
Lend Lease Communities Trust	5,010	0.48%
Lend Lease Australian Prime Property Fund - Industrial	23,351	2.26%
Lend Lease Australian Prime Property Fund - Retail	16,319	1.57%
Macquarie Goodman Wholesale Fund	33,695	3.26%
Macquarie Real Estate 7	2,750	0.27%
Tata Realty Initiatives Fund 1	2,232	0.22%
Gresham Property Fund No 3	2,626	0.25%
Spirit Finance Corporation	14,497	1.40%
Total	154,978	14.99%
Private Equity		
Agriculture Company of Australia	26,919	2.60%
Agriculture Income Trust No 1	117	0.01%
Corporate Combined Superannuation Pty Ltd	4,289	0.41%
Quadrant Private Equity Fund	1,999	0.19%
CM Capital Venture Trust 4	1,088	0.12%
Total	34,412	3.33%

Asset Class / Fund Manager	Gross Market Value \$'000	% of Total Fund
Absolute Return		
IFM Super Loans Trust	1,231	0.12%
Warakirri Absolute Return Fund	41,771	4.04%
Tourmaline	1	0.00%
Muir Grove CDO	3,764	0.36%
Dryden VII CDO	6,033	0.58%
Standfield Arnage CDO	8,515	0.83%
Duke	915	0.09%
Macquarie	188	0.02%
Total	62,418	6.04%
Diversified Fixed Interest		
Vanguard Aus Fixed Interest Index Fund	18,096	1.75%
Pimco - Global Bond Fund	528	0.05%
Total	18,624	1.80%
Infrastructure		
Angel Trains Ltd	105	0.01%
Gasvalpo	18,014	1.74%
Carrix Inc	32,684	3.16%
Southern Water Cap Ltd	33,490	3.24%
LBC Subordinated Debt	20,844	2.02%
Total	105,137	10.17%
Cash		
ANZ Cash Plus Fund*	65,758	6.36%
CFS Wholesale Premium Cash Fund*	94,810	9.17%
Total	160,567	15.53%
Other	802	0.08%
Prime Super - Total Fund	1,033,934	100.00%

Your Superannuation benefits in Prime Super

Your Annual Statement shows the value and type of benefits you are entitled to as a member of Prime Super. The main benefits include:

Withdrawal Benefit

When you leave the Fund you will be paid a Withdrawal Benefit which is the balance of your Member Account. Some of the features of your Withdrawal benefit and how it is paid include:

- You do not have to take a Withdrawal Benefit. You can keep your savings in Prime Super and instruct your next employer to pay future contributions into your Prime Super Member Account.
- If you instruct us to pay your benefit we can do this after all outstanding contributions are paid or we are advised no more are to be paid.
- The payment is made by cheque or EFT.
- The benefit may be rolled over to another super fund or retirement savings account.

Retirement Benefit

Your Retirement benefit is the balance of your Member Account when you are permitted by law to commence retirement payments. You can take your benefit as a lump sum or draw down from your Member Account in multiple payments. You can start to receive Retirement benefits after:

- your preservation age (see table on page 22) and when you permanently retire from the workforce,
- age 65 or
- age 60, when you cease gainful employment with an employer.

You do not have to start to receive your Retirement benefit at any particular age.

The legislation dictating when benefits can be paid from a fund are complex and more details are provided on page 22.

Death Benefit

If you die while you are a member of the Fund, your death benefit is the balance of your Member Account plus any insurance cover which is payable. The amount of your insurance is included in your Annual Statement and is subject to the terms of the fund's insurance policy. Your death insurance also includes Terminal Illness cover which is now a tax free benefit (see Changes to Superannuation Law on page 28). More details of the insurance cover options are provided on page 21.

While you are a member, you can nominate one or more preferred beneficiaries to receive your death benefit, however, by law the Trustee is responsible for the decision about who should receive your death benefit. Generally, the benefit is paid to one or more dependants or a legal representative. More detail about the laws applicable to 'dependants' is provided on page 29 and details of the payment of benefits to nominated dependants as well as pending changes to the binding nomination of beneficiaries are provided on page 30.

On behalf of the Nursery and Garden Industry of Victoria, I would like to thank you for your ongoing support and congratulate you on your innovative display at our monthly trade market.

Many of our members have commented on the ease at which they can now ask their superannuation questions in a relaxed environment. They believe it is a valuable service and have appreciated your professionalism and understanding of the industry.

Thank you once again and I look forward to working with you in the coming years.

- Steven Potts, Chief Executive Officer
Nursery & Garden Industry Victoria

Total and Permanent Disablement Benefit (TPD)

If you become Totally and Permanently Disabled (TPD) while a member of the Fund then, subject to any legislative restrictions that may apply, your Member Account will become payable. In addition, any insured benefit may also become payable provided the insurer admits a claim made for payment. This is called a TPD benefit. TPD insurance funds the insured benefit portion of a TPD benefit.

Before a TPD benefit can be paid, the Trustee must assess your circumstances to make sure it is paid in accordance with the relevant legislation. The Insurer will make an independent assessment about your eligibility to receive a benefit in accordance with the terms of the insurance policy. From time to time this may result in the Trustee agreeing to make a payment but the insurer determining that the member is not totally and permanently disabled. Although rare, the Trustee would always attempt to convince the insurer to reconsider their position.

The amount of your TPD benefit is estimated in your Annual Statement each year.

Income Protection Benefit (temporary disablement)

Members who are eligible can apply for Income Protection cover. Any application for cover is subject to acceptance by the Insurer. The features of this benefit include:

- Disablement under the policy is generally defined as being unable to work in your usual occupation due to injury or illness.
- The amount of the benefit is generally 75% of your monthly income (as defined),
- The benefit is paid for the period of disability, up to a maximum of 2 years.
- After you are disabled, a 'waiting period' applies before the benefit starts. This can be 30, 60 or 90 days depending on the cover you initially elected.
- This benefit is paid entirely from the proceeds of the policy and only when a claim has been assessed and admitted by the insurer.

Financial hardship and Compassionate Benefits

The Trustee may pay benefits to Members in the event of financial hardship on compassionate grounds. There are regulations dictating the payment of these benefits as described on the following page.

Prime Super continues to support Lifeline and provide help-seeking and suicide prevention information for their members across Australia through sponsorship of the national Lifeline Information Service.

- Dawn O'Neil, CEO, Lifeline Australia

Financial hardship benefit

To be eligible you must have:

- been receiving specified Commonwealth income support (such as Newstart Allowance) for a continuous period of 26 weeks and be unable to meet immediate family living expenses; or
- reached your preservation age and have received Commonwealth income support payments for a cumulative period of 39 weeks after reaching preservation age and not be gainfully employed on a full-time or part-time basis on the date of the application.

Applications can be lodged with the Trustee, who will assess each case according to the relevant law. Approval is not automatic.

Compassionate benefit

Applications may be submitted to the Australian Prudential Regulation Authority (APRA) and must relate to paying or meeting an expense of:

- Treatment and transport for you or a dependant concerning life threatening illness or injury, acute or chronic pain or acute or chronic mental disturbance.
- Modifying your home or motor vehicle if you or a dependant has a severe disability.
- Palliative care for you or a dependant or the death, funeral or burial expenses of a dependant.
- Mortgage payments to prevent your lender selling your home.
- Other similar grounds.

To apply for a Compassionate benefit please contact APRA.

Your insurance options

Generally, your insurance cover may depend on your eligibility and whether you are accepted for cover by the insurer. Members can choose from the insurance options shown in the table below.

Description	Explanation
Default cover	When you join the Fund and if you are eligible, you receive two (2) units of Death & TPD cover. You can apply for more cover or advise us that you do not want the cover.
Extra cover	You have Default cover and apply for additional units of cover. If you work in a white collar occupation, you can apply for extra Default cover at no additional cost.
No Insurance	You elect to have no death or TPD insurance cover in the Fund and 'opt out' of the Default cover option.
Reduced cover	You decrease your Default cover to one (1) unit of Death and TPD cover or to death only cover
A nominated insured amount	You apply for a specific sum insured amount for death and TPD cover, which will not change from year to year.
Income Protection	You have either of the options above and apply for Income Protection cover.

The insurance cover you have is shown in your Annual Statement. Insurance cover is not available for members of the Prime Super Allocated & Non Commutable Superannuation Income Streams.

When health information is required

If you are applying for insurance or are making a claim through the Fund, we may be required, with your consent, to collect information about you and your family's medical history (health information) so the insurer may assess your request.

In turn, the insurer may pass this information to their re-insurers and/or contractors and third party service providers to assist them in assessing cover. The insurer, their re-insurers, contractors and third party service providers are required to keep this information confidential but may use the information collected in assessing any claim you make and may pass this information on to any other party that assists them in assessing a claim.

We will only use the health information we collect for these or directly related purposes. You can write to us to access the information we hold about you and to tell us if it needs to be updated. We try to give each member access to their information on request, but we will tell you if this is not possible.

To review your insurance

You can review your insurance cover at any time by contacting our Customer Service team or your local Prime Super representative or downloading forms from www.primesuper.com.au. The Product Disclosure Statements provides more information about your insurance options including your eligibility for cover and premium rates. Contact details are provided on page 35.

Insurance cover issued in error

If insurance cover is allocated to you and it is subsequently discovered you were ineligible to receive it for any reason, premiums paid will be refunded to your Member Account along with an allowance for any investment earnings lost.

Rarely, some members may be mistakenly set up with two accounts in the Fund and receive multiple units of Default Cover. This will most often occur where Members change employers frequently. Should this occur, Insurance cover incorrectly allocated will be invalid and any excess premiums paid will be refunded to your Member Account along with an allowance for any investment earnings lost.

When benefits can be paid

There are regulations dictating when you can receive benefits from superannuation. In general, it depends on the 'preservation' classification that applies to all or parts of your benefits. There are three (3) classes of preservation:

1. Unrestricted non-preserved benefits

Benefits that are generally rolled over from another super fund which could have been cashed at a previous point in time. These benefits can be paid to you at any time.

2. Restricted non-preserved benefits

Benefits that are not preserved but which cannot be cashed until you leave service with your current employer or are otherwise eligible to take a benefit from the fund.

3. Preserved benefits

All contributions (including those you make) and earnings paid or accruing from 1 July 1999 are preserved. New employer Eligible Termination Payments are also fully preserved.

Regulations relating to the preservation of benefits is complex and the Government may change the rules from time to time. In general, access to super benefits is contingent on one of the following occurring:

- you being able to take advantage of a transition to retirement strategy,
- your permanent retirement at or after your preservation age,
- you reaching age 65,
- reaching age 60 and ceasing gainful employment with an employer,
- satisfying the test for payment on compassionate grounds,
- meeting the financial hardship requirements,
- death,
- suffering total and permanent disability,
- permanent departure from Australia if you are an eligible temporary resident, or
- satisfying any other condition of release set by the Government.

Your preservation age is based on the following table:

People Born	Preservation Age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

How to claim your benefits

In the section 'How to contact us' on page 35 we have provided options for contacting the Trustee. You can use any one of these to make a claim for benefits under the Fund.

How benefits are paid

The Fund can pay benefits as a:

- series of draw downs
- lump sum,
- allocated pension,
- non-commutable allocated pension.

Some methods of payment may not be suitable for certain types of benefits and this may change from time to time. Please contact us for details of your current options.

Prime Super is a long term supporter of WAFarmers, our members and the rural community. Their support has been integral in providing our members with superannuation information and services, as well as meaningful support to the tireless work undertaken by our not-for-profit organisation.

- Chris Marris, Marketing & Communications Manager
The Western Australian Farmers Federation

Transfer to an Eligible Rollover Fund (ERF)

In special circumstances, the Trustee may transfer your benefit to an ERF without your permission. This usually occurs if you:

- cannot be located or if you have a small Member Account balance that has been inactive for more than 18 months,
- request a benefit payment but do not provide payment instructions that the Trustee can follow,
- have left employment and the Trustee is satisfied that you have not received the last Annual Statement at your last known address, or
- if the Trustee is required to pay your benefit to an ERF to comply with the law.

If your benefit is paid to an ERF you will no longer be a member of the Fund and all insurance cover will cease. Instead you will become a member of the ERF and your benefit will be subject to its governing rules.

An ERF is a fund designated by the Australian Prudential Regulation Authority to receive and invest the entitlements of superannuation members in certain circumstances. The ERF should send you its Product Disclosure Statement if you are transferred or you can request one at any time.

The Trustee charges members a fee of \$10 for a transfer to an ERF. The ERF that has been chosen by the Trustee for this purpose is:

SMERF

**Locked Bag 8840
Wollongong NSW 2500**

Free call: 1800 114 380

Free fax: 1800 118 307

Email: administration@smerf.com.au

If your benefit is transferred to the ERF you should consider whether it is appropriate for you.

Unclaimed benefits

A benefit may become unclaimed if :

- the member has reached eligibility age (currently 65) and
- we have not received a contribution for the member for at least two years, and
- we have not had contact with the member for five years despite making reasonable efforts to do so.

A benefit can also be unclaimed for other reasons, including where a member dies and we can't find a person to pay the benefit to, or if the payment has to be made because of a divorce but the person or their legal representative can't be located.

From 1 July 2007 these benefits were sent to the Tax Office and may be claimed by contacting the Tax Office on **13 10 20**.

Before 1 July 2007 these benefits were sent to the Victorian Office of State Revenue and may be claimed by contacting the Victorian Registrar of Unclaimed Monies at State Trustees on (03) 9667 6444.

Electing an income stream

You may also elect to receive income benefits, even while you are still working, by transferring your benefit to an Income Stream.

Information about receiving an Income Stream from Prime Super

Another benefit option available to you is to receive your superannuation benefits as an income stream. This section explains this flexible and tax efficient strategy that can give you access to your superannuation even before you have fully retired from work.

The Allocated Income Stream

Generally, a Prime Super Allocated Income Stream lets you convert your super into regular income in retirement or if you are totally and permanently disabled.

Some of the important features are:

- You transfer money from your Member Account into the Allocated Income Stream, where it is placed into a Member Account in your name and invested in the options you choose.
- Investment returns earned in your Member Account are tax free.
- Payments are tax free to people aged 60 or over.
- Payments to people under age 60 receive concessional tax treatment.
- You choose the amount of payments you wish to receive and the frequency of payment (fortnightly, monthly, six monthly or yearly).
- You can draw down lump sums, when it suits you, if you wish. However, the minimum amount you can draw down in a year is set by the Government and it depends on your age as follows:

Age	Minimum as a % of Member Account balance
55 — 64	4%
65 — 74	5%
75 — 84	6%
85 — 94	10%
95 +	14%

- Payments to you continue until your Member Account balance reaches zero.
- Once you open an Allocated Income Stream Member Account you can take money out but you can't put any more in. This means it's a good idea to consolidate your superannuation accounts before transferring them into the Allocated Income Stream.

The Non-Commutable Allocated Income Stream

This is similar to the Allocated Income Stream except:

- It can give you a tax-effective income stream while you're still working.
- There are more restrictions on making withdrawals.
- When you retire or reach age 65, it converts to an Allocated Income Stream.
- You can roll the balance of your account back into your Prime Super Member Account (or other fund) if you wish.

The important tax advantages are:

- Investment returns earned in your Member Account are tax free.
- Payments are tax free to people aged 60 or over.
- Payments to people under age 60 receive concessional tax treatment.
- People over 55 may be able to use it to supplement their income while still working or to reduce tax while maintaining the same net income.

If you have reached your preservation age you can rollover super money into the Non-Commutable Allocated Income Stream while still working and start to draw income from it.

The amount of income you can draw each year cannot be more than a limit set by the Government which is currently 10% of your Member Account balance.

Lump sum withdrawals cannot be made unless you meet one of the following conditions:

- Permanent retirement at or after your preservation age;
- Reaching age 65;
- Reaching age 60 and ceasing gainful employment with an employer;
- You satisfy the compassionate grounds tests;
- You meet the financial hardship requirements;
- On death;
- You suffer total and permanent disability;
- Permanent departure from Australia (if eligible).

Your Fund's financial statements for 2007/08

Abridged statement of financial position as at 30 June 2008

	2008 \$'000	2007 \$'000
Current Assets		
Cash & cash equivalents	9,070	16,413
Trade and Other receivables	471	638
Prepayments	-	65
Deferred tax asset	29,721	4,849
	39,262	21,965
Non-Current Assets		
Investments		
Financial Assets		
Cash and short term deposits	160,567	171,893
Other interest bearing securities	39,277	106,731
Australian equities	322,628	388,461
International equities	250,875	300,197
Property - Unit Trusts	260,115	138,345
Property - direct	-	-
Other	375	373
Property, plant & equipment	97	108
Total Non-Current Assets	1,033,934	1,106,108
Total Assets	1,073,196	1,128,073
Current Liabilities		
Trade and other payables	4,213	3,432
Current tax liabilities	3,722	22,908
Deferred tax liabilities	9,668	10,010
Total Current Liabilities	17,603	36,350
Net Assets Available to Pay Benefits	1,055,593	1,091,723
Represented by:		
Liabilities For Accrued Benefits		
Allocated to members' accounts	1,045,636	1,073,343
Unallocated to members' accounts	7,221	13,269
Reserve	2,736	5,111
	1,055,593	1,091,723

Abridged statement of financial position as at 30 June 2008

	2008 \$'000	2007 \$'000
Investment Revenue		
Interest	405	379
Distributions from unit trusts	46,056	76,345
Changes in market values	(146,444)	77,736
Property rentals	-	17
Total Investment Revenue	(99,983)	154,477
Contribution Revenue		
Employer contributions	124,995	120,618
Members' contributions and roll-ins	28,391	30,642
Total Contribution Revenue	153,386	151,260
Other Revenue		
Group life insurance proceeds	9,275	6,946
Other	66	2
Other Total Revenue	9,341	6,948
Total Revenue	62,744	312,685
Investment Expenses		
Direct investment expenses	6,000	3,079
General administration expenses	11,619	12,429
Group life insurance premiums	15,878	11,249
Surcharge expense	105	194
Total Expenses	33,602	26,951
Benefits accrued as a result of operations before income tax	29,142	285,734
Less income tax expense	(10,017)	31,052
Benefits accrued as a result of operations before income tax	39,159	254,682

More important information about your membership in Prime Super

Changes to superannuation law

A number of changes were made to the laws affecting super over the last year. The most important of these are briefly summarised below. You can obtain more information by calling **1800 675 839**.

- Superannuation members suffering from terminal conditions can now receive their superannuation benefit tax-free.
- A Parliamentary Joint Committee completed a review of superannuation and has recommended that the laws governing superannuation be simplified, including making it possible for Annual Reports and Product Disclosure Statements to be more brief and to the point.
- The New Government has announced a number of initiatives including:
 - ~ First home buyer's savings accounts linked to super funds;
 - ~ Greater scrutiny of financial planners who switch people between superannuation funds;
 - ~ Automatic consolidation of lost superannuation accounts by using Tax File Numbers.
- The *Anti Money Laundering – Counter Terrorism Financing Act* commenced, meaning that members have to provide more proof of identity before they can take a benefit out of super.
- From 1 July 2008, 'ordinary time earnings' (OTE) will become the only earnings base that can be used to calculate the superannuation guarantee by employers. This means that the amount of super you are paid by your employer may have changed after 1 July 2008.
- A Bill was introduced to Parliament on 28 May 2008 so that same sex couples no longer need to establish financial dependency or interdependency to be entitled to their partner's death benefits (or tax concessions).

The bill expands the definition of 'spouse' to include any other person who lives with the person on a genuine domestic basis, and mostly affects government superannuation funds.

Privacy laws protecting your personal information

Privacy laws regulate, among other matters, the way we collect, use, disclose, keep secure and give access to personal information. You or your employer will provide personal information about you to the Fund for the primary purpose of establishing and administering your membership of the Fund.

The Trustee may use this information for related purposes and may disclose a member's personal information to ensure the efficient management of the membership of the Fund. The Trustee may send out promotional material it believes may be of interest to you as a member. You may tell us if you do not wish to receive such material.

Full details are provided in a Privacy Policy published by the Trustee. A copy of this Privacy Policy can be obtained from our website or by contacting us.

If you do not provide the personal information sought from time to time, it may mean that your enrolment in the Fund cannot be processed or that services cannot be provided to you.

In general, the Trustee may disclose your personal information (as necessary):

- To its agents, contractors, or third party service providers that provide financial, administrative, or other services in connection with the operation of the Fund or its business, for example where a fund administrator is appointed;
- To an insurer where insurance services are arranged in connection with the Fund;
- To any new Trustee as may be appointed from time to time;

- To any party which holds amounts on your behalf which will be transferred to the Fund; and
- Where the law requires or permits us to do so (e.g. to law enforcement agencies); or
- If you consent.

Your tax file number

Under the Superannuation Industry (Supervision) Act 1993, your superannuation fund is authorised to collect your TFN, which will only be used for lawful purposes.

These purposes may change in the future as a result of legislative change. The trustee of your superannuation fund may disclose your TFN to another superannuation provider, when your benefits are being transferred, unless you request the trustee of your superannuation fund in writing that your TFN not be disclosed to any other superannuation provider.

It is not an offence not to quote your TFN. However giving your TFN to your superannuation fund will have the following advantages (which may not otherwise apply):

- your superannuation fund will be able to accept all types of contributions to your account/s;
- the tax on contributions to your superannuation account/s will not increase;
- other than the tax that may ordinarily apply, no additional tax will be deducted when you start drawing down your superannuation benefits; and
- it will make it much easier to trace different superannuation accounts in your name so that you receive all your superannuation benefits when you retire.

Superannuation surcharge

In the event that the Trustees receive a superannuation surcharge assessment from the Australian Tax Office (ATO) in respect of your past contributions to Prime Super then the Trustees will be required to deduct the surcharge from your Member Account and pay it to the ATO.

Nominating a beneficiary

You can use a Nomination of Beneficiary form to nominate your preferred beneficiaries. These are people who you would prefer to receive your death benefit should you die while a member of the Fund.

Payment of death benefits to 'dependants'

The Trustee will always consider a member's previous instructions when paying a death benefit from the Fund. Generally the benefit is paid to dependants of the deceased. A dependant can be child, spouse, or a person with whom you have an interdependency relationship. Two people may have an interdependency relationship if:

- they have a close personal relationship,
- they live together,
- one or each of them provides the other with financial support, or
- one or each of them provides the other with domestic support and personal care.

An interdependency relationship may also exist where there is a close personal relationship between two people who do not satisfy other criteria because either or both suffer from a physical, intellectual or psychiatric disability. Examples of interdependency relationships may include:

- same sex couples who reside together and are interdependent,
- siblings who reside together, or
- an adult child who resides with and cares for an elderly parent.

Binding Nominations

It is the Trustee's intention to make available to members the ability to nominate binding beneficiaries in addition to non binding beneficiaries. We are planning to implement this improvement by 31 December, 2008.

A Binding Death Benefit Nomination gives you greater certainty about who will receive your Prime Super benefit if you die.

It is a written instruction to the Trustee, which sets out the dependants and/or legal personal representative that you would like to receive your benefit if you die. It is a legally enforceable instruction that we are bound to follow, as long as the nomination is valid, and that those you have nominated qualify as beneficiaries at the time the benefit is paid.

A Binding Death Benefit nomination is only valid for three years and overrides any Preferred Beneficiary nomination you have made.

Additional information on this initiative will be available in the Prime Super PDS that is issued replacing the current PDS in force.

Your Member Account

With the exception of the Income Protection Benefit (which is made up entirely of an insurance payment) benefits paid by the Fund are paid from or include the balance of your Member Account.

The balance of your Member Account equals the total of contributions and transfers paid into your Member Account less tax, less fees and charges, less insurance premiums, less previous withdrawals or transfers out plus investment gains or losses.

Investment gains or losses are reported to you in dollars. The annual crediting rate to June 30 each year equals the compound effect of monthly investment earnings less tax, fees & costs. The Trustee reserves the right to adjust investment earnings where it believes it would be unfair or a breach of fiduciary duty not to act to protect the interest of members of the Fund. A withdrawal fee may apply to the payment of your Member Account. Please see the fees and other costs section in this Report or in the Product Disclosure Statement for further information.

Prime Super’s ongoing support of the WA Shearing Contractors Association (WASCA) for more than 8 years now, has been vital in the development of our Association. It is fantastic that we have Pat Breuer who provides the education to our members, helping them with superannuation and retirement needs, who is prepared to talk to our members in their local areas”.

- Graeme Stevens, President of WASCA.

Details of the Trustee’s investment and administration reserves

The Trustee operates two reserves, the Administration Reserve and the Investment Fluctuation Reserve; both are invested in the Balanced investment strategy.

Fees charged to all members are paid into the Administration Reserve and used to pay costs. Because the Trustee and Fund operate on a not for profit basis, any surplus after payment of current costs is applied to the benefit of members at the Trustee’s discretion.

Balance of the **administration reserve** account at 30 June is shown below:

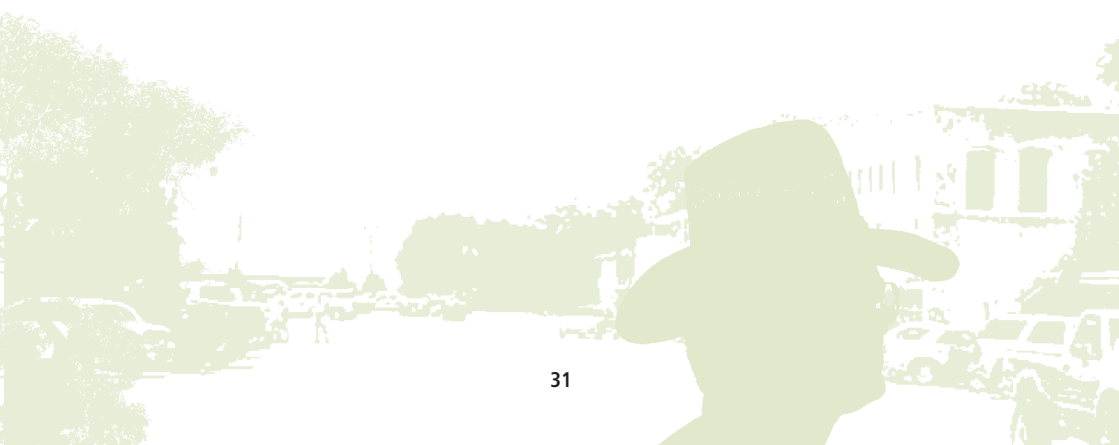
Year Ended	Value
2006	\$442,000
2007	\$1,856,000
2008	\$884,000

Investment returns earned by the Fund for all investment options are held in an Investment Fluctuation Reserve between the time they are received by the Fund and the time they are credited to members. This reserve was introduced during early 2007 for the sole purpose of holding investment earnings until they are distributed.

Any earnings, positive or negative, of the Investment Fluctuation Reserve are investment earnings of the Fund and will also be distributed to members. Due to rounding of investment returns to whole cents and occasional unexpected investment distributions, it may not be practical to entirely distribute the Investment Fluctuation Reserve from time to time. Should this occur, any carry forward balance is likely to be between zero and around \$3 million, which will be distributed to members at the earliest practical opportunity.

Balance of the **investment fluctuation** reserve account at 30 June is shown below:

Year Ended	2008	2007
Value	\$1.752m	\$3.155m



When you need financial advice

How the Trustee can help

To help members with their financial management and to get the most from their superannuation Prime Super has arranged for both Members and Employers to have access to specialist financial planning assistance through Community and Corporate Financial Services Pty Limited [ComCorp] (ABN 44 079 121 136, AFSL 225085).

You may:

Access information through a website established and maintained by ComCorp for Prime Super members at **www.primesuper.com.au**.

Receive limited financial planning information simply by calling ComCorp (details below).

Have a financial plan prepared in relation to your superannuation (including allocated pensions) for a fee that can, subject to some regulatory constraints, be paid from your Prime Super Member Account or Account in an Allocated Pension.

The fee for this service may change from time to time and is currently \$150 plus GST.

Have a full financial plan prepared for you by ComCorp.

You can enquire about a full financial plan or any of the services offered by ComCorp by calling 1800 022 365 during business hours.

Financial Planning information and advice accessed by members through this service is provided by ComCorp and not the Trustee.

The Trustee has negotiated this facility as a benefit for members to use should they choose and receives no payment or gratuity of any kind when ComCorp provides financial advice to members.

Members and Employers may elect to receive financial advice from providers other than ComCorp.

Should you so chose, and if you require the fee to be paid from your Member Account in the Fund, then you must provide the Trustee with information it can use to be satisfied that payment would be legal including a copy of the adviser's applicable AFSL and Professional Indemnity Certificate.

Members may call Prime Super to obtain information on their Member Account and the Fund in general but Prime Super cannot advise members on how circumstances might affect them personally.

About your Trustee and the Fund's compliance

The role of the Directors

The Trustee, Farm Plan Pty Ltd, is responsible for managing the Fund. The Directors of the Trustee meet regularly to discuss management of the Fund and determine important policies and procedures.

The Current Directors are:

James Ferguson	Chairman Appointed 7th December, 1994
Alan Bowman	Deputy Chairman Appointed 26th January, 2001
Barry Cochran	Appointed 24th July, 1997
Virginia Collins	Appointed 2nd August, 2001
Trevor Dixon	Appointed 5th April 2004
Russell Higginbotham	Appointed 5th April 2004

Directors receive fees and travelling expenses for attending board and committee meetings. They are nominated and appointed by the Board of Trustees. The Trustee has a constitution containing rules for appointment and removal of Directors. The Directors may change from time to time.

The Trust Deed

The Fund is governed by a Trust Deed which, amongst other things, sets out the entitlements of members and obligations of the Trustee. From time to time we may need to make changes to the Trust Deed and will tell you about any that are important to you.

Changes to the Trust Deed

Two changes were made to the Trust Deed during the year.

On 27 June, 2007 an amendment was made that allowed the Trustee to offer Allocated and Non-commutable allocated income stream products from 1 July, 2007. These help many members to make their super go further and to gain access to their super while still working, especially if aged at least 55 or in receipt of a disability payment.

The income streams have significant tax advantages and can help many people qualify of social security benefits they might not otherwise receive. Please call **1800 675 839** for more information.

On 30 November, 2007 an amendment was made to the Trust Deed to allow the Trustee to meet legal obligations under the *Anti-Money Laundering and Counter Terrorism Financing Act*. These changes were required by law and empower the Trustee to do anything it is required to do under the new laws. Please call **1800 675 839** for more information.

Except to the extent required by law, these changes do not adversely affect the rights or entitlements of members.

Important legislation

The Fund is regulated as a complying public offer superannuation fund under Commonwealth Government legislation, principally the *Superannuation Industry (Supervision) Act 1993 and the Corporations Act 2001*.

NSW Farmers has had a long standing relationship with Prime Super. The level of support has grown from a sponsorship to a strong partnership. Together we are providing support to our members through support for local community events and groups such as our Young Farmers. We are also looking at other potential opportunities to enhance financial education for our members and development of programmes for our Young farmers to grow and develop their businesses. The Association could not carry out these support programmes without the enormous support from Prime Super.

- Guy Hannan , General Manager – Commercial and Rural Services
NSW Farmers' Association

Policy committees for the benefit of employers and members

If your employer is a sponsoring employer of the Fund you may be able to have a policy committee established. Policy committees consider the operations and performance of the Fund and communicate the views of members and sponsoring employers to the Trustee. Policy committees must be made up of an equal number of member and employer representatives and are the best way for you to make your views known to the Trustee. At June 30, 2008 no policy committees existed. If you would like a policy committee established at your work place please contact the Trustee.

Insurance protection for the Directors

Superannuation law requires the Trustee and its Directors to act in the best interests of the members at all times. The Trustee has liability insurance to protect it and the Trustee Directors against any losses arising as a result of a claim against them for a breach of their professional duty.

Information about transactions by 'related parties'

Related party transactions are conducted on normal commercial terms and conditions. James Ferguson, Russell Higginbotham and Alan Bowman are Directors of the Agricultural Company of Australia Pty Ltd, a company established and owned by the Fund to invest a small proportion of Fund assets in Primary Industry.

James Ferguson, Alan Bowman and Lachlan Baird (CEO) are Directors of Corporate Combined Superannuation Pty Ltd, a company purchased by the Fund as an investment in the Financial Services Industry.

The Directors have established procedures to ensure investments in Agricultural Company of Australia Pty Ltd and Corporate Combined Superannuation Pty Ltd are held on an 'arms length' commercial basis and that any conflict of interest is appropriately dealt with.

Compliance statements

To receive concessional tax treatment, Prime Super must operate in accordance with superannuation law. The Trustee lodges a return each year with the Australian Prudential Regulation Authority (APRA), indicating the Fund's compliance with the law. The Trustee is not aware of any matter which would cause the Fund to lose its complying status. No penalties under section 38A of the SIS legislation have been imposed.

How to contact us

For any general information you request

The Trustee will assist you with any questions you may have about the Fund and your membership. Information available includes, but is not limited to, documents such as the Trust Deed, audited financial accounts, investment policy information, information on inquiries and complaints procedures, insurance policies and the risk management plan. You can request information and answers to any questions by:

- writing to Prime Super at: **PO Box 2229, Wollongong, NSW 2500**
- calling Prime Super on freecall: **1800 675 839**
- faxing Prime Super on freefax: **1800 023 662**
- overseas callers: **+ 612 4298 6008**
- email at: **administration@primesuper.com.au**
- referring to our website at: **www.primesuper.com.au**

For local assistance

For answers to any questions and help with your super you can also contact your local Prime Super representative:

Regional Manager – Western Victoria, South Australia and Southern NSW:

ROD STEWART

Telephone: 03 8622 9375
Mobile: 0428 558 158
Facsimile: 03 8622 9380

Regional Manager – Eastern Victoria and Tasmania:

DAVID LEISHMAN

Telephone: 03 8622 9381
Mobile: 0448 330 110
Facsimile: 03 8622 9380

Regional Development Manager – Central Northern Coast and Far North Queensland:

ASHLEY GRAHAM

Telephone: 07 4121 2011
Mobile: 0409 030 722
Facsimile: 07 4121 0811

Regional Development Manager – Northern Rivers NSW, South Eastern and Central Queensland, Northern Territory:

WAYNE WRIGHT

Telephone: 07 4637 9848
Mobile: 0407 777 449
Facsimile: 07 4638 1359

Regional Manager – Western Australia: **PAT BREUER**

Telephone: 08 9261 7766
Mobile: 0429 410 426
Facsimile: 08 9261 7700

Regional Development Manager – Central and Northern NSW:

ANGELA WALCOTT

Telephone: 02 6766 7295
Mobile: 0428 288 554
Facsimile: 02 6766 1872

Agforce is pleased to have Prime Super as a Corporate Partner. Their support for our organisation including our "Every Family Needs A Farmer" campaign demonstrates their commitment to the people of rural and regional Queensland.

- Peter Kenny President Agforce Queensland

If you have an enquiry or complaint

The Trustee has set up a formal procedure for dealing with member complaints regarding the Fund's operation and management. You can make an enquiry or complaint by contacting us on free-call 1800 675 839 or by writing to the address below:

The Enquiries and Complaints Officer

Prime Super

Level 15, 190 Queen Street

Melbourne VIC 3000

Telephone: 1800 675 839

Fax: 1800 023 662

Overseas callers: + 612 4298 6008

Email: prime@primesuper.com.au

Complaints will be recorded in a register and will be responded to within 14 days of receipt. You will receive a formal reply to your complaint within 90 days. If you are not satisfied with the outcome, you may be able to have your complaint heard by the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body set up by the Commonwealth Government to hear complaints by members and beneficiaries against certain types of decisions made by trustees of superannuation funds. The SCT can only consider your complaint if you have already approached the Trustee. You can contact the SCT toll free on **1300 884 114** from anywhere in Australia.

When we need information from you

It is important you let us know when you **change your address**. We can only send you information about the Fund and your membership if we have your current address. You can contact the Fund between 8am and 10pm (EST) or (EDST) Monday to Friday on Freecall 1800 675 839 to tell us if you change address. If you do not keep in touch and we are unable to contact you, you may be designated as a 'lost member'. We are required to report lost members to the Australian Taxation Office Lost Member Register.

The contact details

If you would like more information of the Fund or your benefits please contact:

Prime Super

PO Box 2229 Wollongong NSW 2500

Freecall: 1800 675 839

Freefax: 1800 023 662

Overseas callers: + 612 4298 6008

Email: administration@primesuper.com.au

Website: www.primesuper.com.au

A summary of Fund advisors and service providers

The Trustee uses a range of specialists to look after the Fund and its investments. Detailed information was provided in a previous section of this Report. In summary, the key parties, including service providers, who participated in managing the fund at 30 June 2008 were:

Advisors and Service Providers at 30 June 2008	
Trustee	Farm Plan Pty Limited
Fund Administrator	Pillar Administration
Auditor	Ernst & Young
Asset Consultant	Access Capital Advisers Pty Ltd
Custodian	NAB Custodian Services
Legal Advisor	Madgwicks Lawyers
Insurer	MetLife Insurance Limited



Part of your Community

