



Part of your Community

Prime Super annual report

for the year ended 30 June 2009



Issued by the Trustee:

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AFSL No. 219723; RSE Licence No. L0000 277
Prime Super ABN 60 562 335 823; RN 1000276

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 or a copy of our current product disclosure statement by contacting us.

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prime super is going green

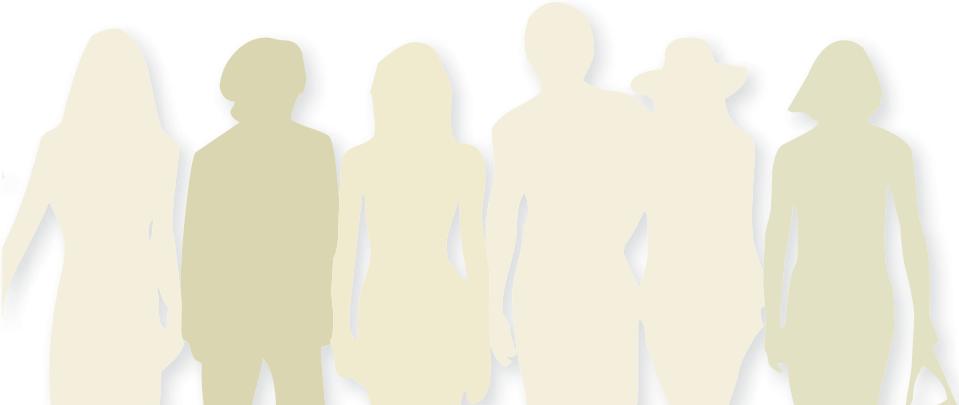
In an effort to reduce our costs and our carbon footprint, we've decided to put our annual report online.

This means that as of next year, we won't send you a copy of our annual report with your member statement unless you specifically request it from us.

If you would still like to receive a free paper copy of our annual report in the mail, please let us know.

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message from the chairman

I am pleased to be reporting to you on the performance of Prime Super for the 12 months to June 2009 in my role as your new chairman. I am delighted and honoured to assume this responsibility and would like to take this opportunity to thank our outgoing chairman, James Ferguson for all his hard work over the last twelve years.

James stepped down as chairman at our last AGM in accordance with our constitution and remains a valued director on the Board of Trustees. James has worked tirelessly for Prime Super and has steered us through a considerable growth and development phase to become a fund of approximately \$1 billion, making Prime Super the largest superannuation fund dedicated to serving rural and regional Australia.

2008-2009 will long be remembered as one of the most challenging years the global economy has experienced in recent history. Closer to home, it has also been an extremely challenging year for many of our members, employers and associates in rural and regional communities. On top of the affects of the worsening global financial crisis we have also witnessed some of the worst natural disasters in our country's history. The devastating bushfires in Victoria and floods in Queensland serve to remind us of the unique relationship we have with Mother Nature – many of us were left without sufficient water while for others there was too much all at once.

While we anticipate that economic conditions in the forthcoming year will continue to be unsettled and challenging, we are working hard to minimise the negative impact that this environment has on your retirement savings. It's important in tough times like these to remember that super is a long term investment and we continue to work with Access Capital Advisors, one of Australia's leading investment advisors, to manage an investment portfolio that is designed to provide solid returns over the longer term.

The prudent management of your retirement savings is of paramount importance to us however there are other aspects of the management of the fund that are also essential in difficult times.

We place a great deal of importance on communication and education and have implemented a number of initiatives to help our members understand not only the current economic climate, but what they can do to maximise their super savings. We have a number of brochures and information sheets including our popular "Seven ways to grow your super", we run regular member education sessions and regularly feature in rural newspapers. We also support a range of education programs in association with a number of major rural industry groups.

If you've visited our website recently, you will have noticed that it's undergone a major facelift. These changes are the result of a complete review of our website. I hope you find our new site more informative and easier to use.

We continue to provide support to a number of industry and community groups that are dedicated to improving the life of rural and regional Australians. We're especially proud of the significant support we provide to Lifeline Australia, our flagship community partnership because we understand that in these difficult times people may need some additional support to help them through.

Finally, I wish to thank all of our members, employers and industry associations for their support in all of our activities.

I encourage you to read further through this report for more information on our activities and future plans.

Barry Cochran
Chairman

from the chief executive officer

The last twelve months have been a once in a lifetime event for many of us. The global financial crisis has led to significant falls in share markets around the world and in many cases the value of share markets have fallen to half their peak value.

The effects continue to be felt all over the world and experts are predicting volatile investment markets into the future.

Super is not immune

The super industry has not been immune to the global economic crisis but despite these underlying economic conditions, it is disappointing to once again be reporting a negative return.

However it's important to remember that super is a long term investment and these short term setbacks, no matter how severe, can and will be recovered over the longer term.

Even if you are nearing retirement it may be better to stay invested through products like the Prime Super income stream. An income stream provides a

regular pension-like payment in your retirement, whilst keeping your money invested. That way, when markets recover you will see the benefits. Before making any decisions on such matters you should consult your own independent financial adviser.

The long term

The majority of our members have their super invested in our balanced option. This investment option is designed to provide a return that exceeds CPI by 4% over a five year period, with an expected negative return every seven years. The recent financial turmoil has resulted in two years of negative returns in a row. Many economists predict uncertain market conditions in the immediate future but agree that we've probably come through the worst.

For the year ended 30 June 2009 the Prime Super balanced, managed growth and capital stable (from 1 July 2009 this will now be called the conservative option) options showed a return of:

	Balanced Fund %	Managed Growth %	Capital Stable %
1 year return	-15.62	-23.04	-11.64
2 year return	-11.38	-15.79	-7.21
3 year return	-3.28	-6.31	-2.81
5 year return	2.42	1.21	1.22
10 year return	3.78	-	-
15 year return	5.99	-	-

Markets will recover

History shows that markets recover over the longer term, and those that stay invested recover all that was lost during the period of the downturn. This has been demonstrated many times with the most recent examples being the 1987 stock market crash and the "tech crash" of 2001. In these cases, stock markets fell significantly, and then went on to not only recover all losses but provide further highs in subsequent years.

In fact in the last three months of the 2009 financial year the Australian stock market posted a return of 11.5% (S&P/ASX300 Accumulation Index), this is equivalent to an annual return of 54.5%.

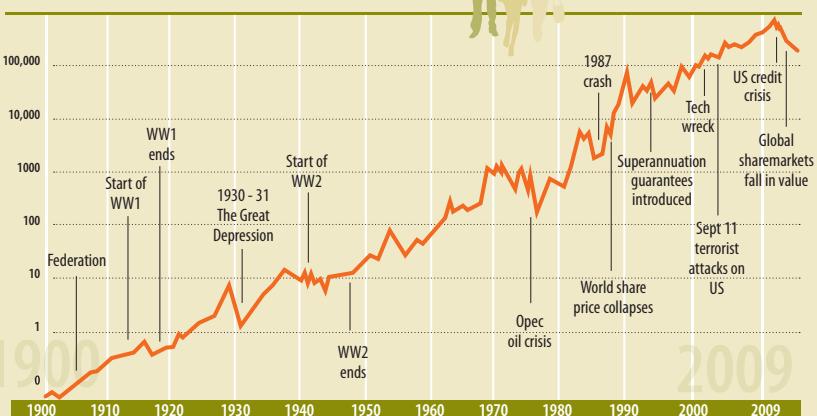
The economic climate means that some companies will collapse, but by being invested in a broad range of companies the portfolio as a whole will be less adversely affected over the short term and will recover all losses over the longer term. Prime Super manages its

investment in the listed markets through expert managers and we have a range of diversified portfolios that follow the movements in the markets as a whole. This means that as the markets start to recover we will begin to see the gains flowing through in our returns.

At Prime Super we have been positioning the Fund to ride out these periods of economic uncertainty. We have restructured our investment portfolio and increased our exposure to long term investments that generally do not react in the same way as the stock markets. This means that although the stock markets fell by more than 50% at the low point, some of our alternative investments were still providing a positive return. I would encourage you to read this report further for details on some of these investments and how they helped to stabilise the overall return of the Fund.

Source: Standard & Poor's

Australian Share Price Movement



Remember, if you don't feel comfortable investing in the share market at this time, we have a range of different investment options available to you. If you'd like to review your investment choices and choose an option that you're more comfortable with, please call us on 1800 675 839 or speak to a financial advisor.

Short term pain, long term gain

Although a departure from the returns we have become accustomed to in the last few years, money invested in super has fared comparatively well when compared to other forms of investment. Consider this:

- Super returns posted an average loss of 13% for the year to 30 June 2009,
- Listed property fell 46% for the year to 30 June 2009, and
- The ASX and Dow Jones fell 25% for the year to 30 June 2009.

Super is a long term investment. It's worth remembering that over the last fifteen years the average return for members invested in our balanced option (98% of Prime Super members have their super savings invested in this option) has been 6% pa. This is equivalent to CPI + 3.2%.

Members should rest assured that we are committed to limiting the overall affects of the global financial crisis on members' super savings. In fact significant events such as this provide opportunities, and to this end our investment manager line up will continually evolve.

These changes will better position the Fund to benefit from the economic recovery when it occurs.

We are also committed to developing and enhancing our services to members and employers:

- By the time you receive this annual report our new website will be up and running. It is now more accessible and user friendly. Please take a look!
- Improved e-commerce facilities, aimed at making it easier for you to interact with us electronically. BPAY will also be available by 31 December 2009.
- More member benefits through improved insurance scales and a broader range of insurance products, including a new trauma insurance product for members.
- We have maintained our low fee structure and have increased communication with both members and employers.

The team at Prime Super appreciates your continued support and looks forward to keeping in touch with you over the coming year.

Lachlan Baird
Chief Executive Officer

part of your community

At Prime Super, we think it's important to give back to the communities that support us and we have a proud history of supporting rural and regional communities and industries.

Prime Super Business Innovation Awards – recognising and celebrating innovation

We believe that small businesses are the backbone of country towns and cities and that healthy businesses mean healthy communities.

Innovation has always been the hallmark of rural businesses and Prime Super is pleased to have been the major sponsor of the 2009 Prime Super Northern Inland Innovation Awards.

The Innovation Awards are run by the Northern Inland Regional Development Board and celebrate the application of creative thinking in business to bring about improvements in skills, products, methodologies or processes. The awards give businesses at all levels the chance to demonstrate that with innovative thinking, there are many advantages in being located in a regional area.

The awards cover a range of categories – agriculture and horticulture, tourism and leisure, professional and retail services, manufacturing and engineering; and research and education.

The 2009 awards attracted a large number of high calibre entries from across the New England North West region of New South Wales and are a testament to the outstanding skill and dedication of rural businesses. The judges certainly had an extremely difficult time determining the winners in each category.

There can only be one winner

Congratulations to Training Resource and Multimedia Studio (TRaMS) - an innovative publishing company specialising in applying multimedia techniques – for their exciting online interactive training package.

Offering a helping hand when it's needed most

Lifeline is a national community organisation that has provided access to mental health support services to Australians for nearly 50 years. They deliver a range of national services that promote emotional wellbeing, encourage help seeking, and address suicide prevention and awareness.

Prime Super is the proud sponsor of the Lifeline Information Service. The Information Service gives all Australians access to a variety of self-help toolkits with information about issues such as mental illness, depression and suicide prevention.

As well as the Information Service, Lifeline also operates a 24 hour counselling service that is staffed by trained volunteer counsellors.

We understand that people living in rural and regional areas can sometimes feel isolated and alone. There is help out there – all you have to do is ask.

For more information

24 hour counselling service – 13 11 14
Lifeline – www.lifeline.org.au

prime super's investment strategy, a strategy for the long term

At Prime Super, we work hard to provide our members with strong returns over the longer term while minimising the impact of volatility in investments markets.

Even while we face the reality of the short term consequences created by market volatility, our long term plan remains the same. Underpinning all of our investment policy decisions are our long term goals and return targets. This means that our investment strategy will continue to evolve in response to changing market conditions.

There is more information about the Fund's investments later in this report. More information about our investment policy is also available at www.primesuper.com.au.

The investment market environment

In this last financial year, we have witnessed an extraordinary set of developments which seemed unthinkable just a short time ago.

The global financial crisis (GFC), which first surfaced in mid-2007 has intensified, and in 2008, the global economy experienced its weakest growth in the post World War II period.

There have been a number of high profile corporate failures in many parts of the world. America's Lehman Brothers, AIG & more recently General Motors are just a few of the big corporate engines that have required government assistance. During this period, the major developed economies - the US, Japan and Europe – have all experienced

recessionary conditions and the Australian economy has not been immune from the global downturn.

For many younger Australians, recession and rising unemployment are entirely new experiences; such is the gap between today and our last severe economic downturn in 1992.

In response to the financial crisis, our government and those around the world have introduced a range of measures. These measures which include aggressively cutting official interest rates, guaranteeing bank deposits, and supporting vulnerable banks and financial institutions have all been taken in a bid to shore up vulnerable economies. In addition, large government stimulus packages have been announced by many leading countries including Australia, the US, UK, China, Japan and Germany.

In the early stages of the global financial crisis, the impact on the emerging market economies - China, India and Brazil - was minimal. However these economies have also started to experience relatively weak conditions of late. Although the emerging economies look set to outperform the developed world over the medium term, they appear likely to fall short of their respective performances of the past few years.

In Australia, our strong banking system and our strong links to the Chinese economy through commodity exports has largely insulated us against the worst of the credit crisis.

The market deterioration in the global economy during the last financial year has resulted in sharp falls in share markets around the world. The US market fell by 25.6%, the UK by 24.5%, Japan by 26.1% and the Australian market by 24.3%. Heightened uncertainty surrounding the outlook for the global investment environment has resulted in extremely volatile financial markets. For example, the Australian dollar fell from a peak level of US98 cents in July 2008 to US60 cents in October 2008. Commodity markets have also experienced high levels of volatility, particularly in the early part of the last financial year.

Financial meltdowns have a history of weighing on confidence, but they do not persist indefinitely. The size of the policy responses so far suggests that, despite the severity of this global recession, a global recovery may commence in late 2009 or early 2010. That said, the outlook for global growth is very uncertain with a wide range of outcomes possible.

Our investment approach

The sharp falls in listed equity markets over the last financial year has had a significant negative impact on the returns of most super funds. At Prime Super, our goal is to produce strong returns over the longer term, while limiting the impact of volatility in the investment markets. In order to achieve this goal the Trustee, has adopted a two portfolio strategy - the market portfolio and the target return portfolio.

The market portfolio invests in listed markets (for example, stock markets), while the target return portfolio invests in unlisted markets (for example, infrastructure and property trusts).

The target return portfolio, introduced in 2007, aims to generate attractive returns over the long term for a moderate level of risk. Notwithstanding the affects of the global financial crisis, the returns from the assets in this portfolio are expected to have a relatively low level of volatility and a low correlation with the returns from share markets.

What we're investing in

The target return portfolio consists of many assets. Two of the main assets are Gasvalpo and Angel Trains.

Gasvalpo is a Chilean gas distribution company. In April 2008, Prime Super was part of a consortium that purchased GasValpo from AGL. While the economic environment in Chile has deteriorated since the original acquisition, the economy has shown more resilience than many developed economies.

In addition, GasValpo management has also been able to implement value-added strategies that have lessened the risks to profit margins. These strategies include the purchase of GasValpo's major competitor, Energas, which was completed in November 2008 at an attractive price, and the successful negotiation of the terms for new gas supply contracts. This will ensure the combined business will have access to competitively priced natural gas supplies over the long term. The investment in Gas Valpo made a positive contribution of 25.5% on the amount invested.

In May 2008, Prime Super purchased an interest in Angel Trains, one of the UK's leading train leasing companies. Angel Trains own and maintain more than 4400 trains in the UK, accounting for almost 37% of the nation's national rolling stock.

Angel Trains has been largely insulated from the economic downturn as the majority of their contracts are subject to government guarantees. This means that if any of their customers experience significant financial difficulty and default on their payment obligations, Angel Trains still gets paid.

Since the acquisition, Angel Trains has renewed several contracts on terms which are significantly more favourable than anticipated at the time of acquisition. The most significant of these was the extension of the lease term for the Pendolino fleet, one of Angel Trains' largest and most modern fleets. Other favourable developments include the extension of the lease term for a fleet previously assumed to be made redundant, as well as rental incomes above expectations for two recently refurbished fleets. The investment in Angel Trains made a positive contribution of 13.5% on the amount invested.

returns on your investments

The table below shows historical rates of return for each investment strategy for the past five years to 30 June 2009. 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	2009	2008	2007	2006	2005	Compound Averages
Pre-mixed Options						
Managed Growth	-23.04%	-7.85%	15.94%	15.03%	12.27%	1.21% p.a. over 5 years
Balanced**	-15.62%	-6.92%	15.20%	12.50%	10.75%	2.42% p.a. over 5 years
Capital Stable	-11.64%	-2.56%	6.63%	6.53%	8.66%	1.22% p.a. over 5 years
Target Return Portfolio	-25.30%	-6.03%	-	-	-	-16.22% p.a. over 2 years*
Sector Options						
Australian Equities	-20.58%	-12.57%	25.92%	7.83%	-	0.41% p.a. over 3.5 years***
International Equities	-20.25%	-14.76%	14.05%	3.05%	-	-4.74% p.a. over 3.5 years***
Property	-22.16%	8.49%	17.81%	7.19%	-	3.40% p.a. over 3.5 years***
Fixed Interest	4.84%	4.79%	2.49%	0.63%	-	3.33% p.a. over 3.5 years***
Cash	4.36%	5.66%	4.93%	2.12%	-	4.81% p.a. over 3.5 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 & AHFIS divisions from 1 July, 2007.

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

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.

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 are net of all investment related costs such as fees charged by investment managers, investment expenses incurred by the Fund and any applicable tax. No income tax is levied on an income stream account.

Investment Option	2009	2008	2007	Compound Average
Pre-mixed options				
Managed Growth	-27.04%	-9.29%	17.95%	-7.92% p.a over 3 years
Balanced	-18.24%	-8.44%	12.69%	-5.51% p.a over 3 years
Capital Stable	-13.53%	-3.05%	7.52%	-3.40% p.a over 3 years
Target Return*	-28.45%	-6.89%	-	-18.38% p.a over 2 years
Sector Options				
Australian Equities	-21.87%	-13.92%	28.46%	-4.76% p.a over 3 years
International Equities	-21.36%	-16.80%	16.33%	8.70% p.a over 3 years
Property	-24.50%	9.26%	20.00%	-0.34% p.a over 3 years
Fixed Interest	5.68%	5.44%	2.89%	4.66% p.a over 3 years
Cash	5.31%	6.70%	5.89%	5.97% p.a over 3 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.



important information about your investments

Your investment options

All members have access to a range of investment choice options including:

Pre Mixed Options	Sector Options
Balanced (default offering)	Australian Equities
Managed Growth	International Equities
Capital Stable	Fixed Interest
Target Return	Property
	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 strong 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 is achieved by dividing investments 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 primarily exposed to the risk of the health and growth of the economy rather than the performance of individual investment managers. Although economic cycles will continue, the long term trend reflects positive growth.

The market linked 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 outperform the index through the use of small inefficiencies within the market, such as the fact that foreign investors cannot gain a benefit from dividend imputation credits, and therefore do not take this into account when pricing an Australian equity.

In contrast, the target return portfolio involves active risk taking. The target return portfolio contains non-traditional investments such as infrastructure, private equity, hedge funds, timber production 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 are inherently more risky than an investment 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, hedge funds, natural resources and credit opportunities). By maintaining a maximum liquidity limit, the portfolio is not overly exposed to any one individual investment or asset cluster.

The 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 two portfolio investment strategy was adopted in September 2006.

The table below shows the strategic asset allocation for each investment option at 30 June 2009.

Strategic Asset Allocation

Target Asset Allocation	Managed Growth (%)	Balanced Option (%)	Capital Stable (%)	Target Return (%)	Itn'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	66.7	0.0
Overseas Fixed Interest	0.0	0.0	5.5	0.0	0.0	0.0	0.0	33.3	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.

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 on page 17. The asset allocation for the target return portfolio is in the same proportions as shown for the balanced option also on page 17.

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 above. 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 table on page 17.

Asset Allocation for Balanced Option

Asset Allocation	Asset Allocation Ranges Balanced Option	Actual Asset Allocation as at 30 June 2009
Target Return Portfolio		
Property	0.0 – 22.5%	13.10%
Private Equity	0.0 – 15.0%	4.70%
Absolute Return*	0.0 – 10.0%	0%
Natural Resources	0.0 – 5.0%	0%
Credit Opportunities	0.0 – 10.0%	6.20%
Infrastructure Investments	0.0 – 25.0%	11.80%
	25.0 - 48.0%	35.80%
Market Return Portfolio		
Cash	0.0 - 8.0%	16.10%
Aust Fixed Interest	0.0 - 15.0%	0.20%
Overseas Fixed Interest	0.0 - 10.0%	0.10%
Australian Equities	20.0 - 40.0%	27.30%
International Equities	15.0 - 35.0%	18.40%
Emerging Markets	0.0 - 5.0%	2.10%
	52.0 - 75.0%	64.20%
Total		100.0%

* Absolute return funds (or Hedge Funds) aim to deliver 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, 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.

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.

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.

Investments of the Fund

The investments of the Fund as at 30 June 2009 are as follows. Investments that make up more than 5% or more of the value of the Fund are indicated with an asterisk (*).

Portfolio / Asset Class / Fund Manager	Gross Market Value \$m	% of Total Fund
Market Return Portfolio:		
Australian Equities		
BGI Australia*	148,532	16.49
Black Rock*	98,094	10.89
Total	246,626	27.38
International Equities		
BGI Int'l Alpha Eq*	87,330	9.69
SSGA Global Index Plus*	78,156	8.68
Wellington Emerging Market	18,499	2.05
Total	183,985	20.42
Cash		
ANZ Cash Plus Fund	20,611	2.29
CFS Wholesale Premium Cash Fund*	124,916	13.87
Total	145,527	16.16
Target Return Portfolio:		
Property		
AMP Wholesale Office Fund	5,970	0.66
Blackstone Real Estate Part VI	4,058	0.45
Deutsche W/S Property Trust	13,125	1.46
FKP Core Plus 2 Fund	3,485	0.39
GPT Wholesale Trust	11,197	1.24
Gresham Property Fund No 3	6,735	0.75
ICA Property Development Fund 3	915	0.10
Lend Lease Australian Prime Property Fund - Industrial	21,008	2.33
Lend Lease Australian Prime Property Fund - Retail	7,217	0.80
Lend Lease Communities Trust	4,608	0.51
Macquarie Goodman Wholesale Fund	27,235	3.02
Macquarie Real Estate 7	5,677	0.63

Portfolio / Asset Class / Fund Manager	Gross Market Value \$m	% of Total Fund
Spirit Finance Corporation	3,562	0.40
Tata Realty Initiatives Fund 1	2,357	0.26
Total	117,149	13.00
Private Equity		
Agricultural Company of Australia Pty Ltd	30,575	3.39
Agriculture Income Trust No 1	106	0.01
CM Capital Venture Trust 4	1,807	0.20
CCSL Limited	1,871	0.21
Quadrant Private Equity Fund	3,203	0.36
Total	37,562	4.17
Absolute Return		
IFM Super Loans Trust	1,371	0.15
Macquarie	178	0.02
Total	1,549	0.17
Credit Opportunities		
Dryden VII CDO	126	0.01
Muir Grove CDO	553	0.06
Standfield Arnage CDO	410	0.05
Total	1,089	0.12
Fixed Interest		
Vanguard Aus Fixed Interest Index Fund	1,983	0.22
Barclays Overseas Bond Index Fund	1,003	0.11
Total	2,986	0.33
Infrastructure		
Angel Trains	23,428	2.60
Autobahn Tank & Rast	14,788	1.64
Carrix Inc.	26,939	3.00
Gasvalpo	26,689	2.96
ITS Technologies & Logistics	7,961	0.88
LBC Subordinated Debt	30,180	3.35
Pisco EMIF LP	3,323	0.37
Southern Water Cap Ltd	30,347	3.37
Total	163,655	18.17
Other	732	0.08
Total Fund	900,860	100.00

prime super, easy to do business with!

Manage your super online

If you've visited our website recently, you will no doubt have noticed that it's undergone some massive changes. We've worked really hard to make it more user-friendly and accessible.

One of the added benefits of our new website is that it's now easier to manage your super online via our member services portal.

Once you register for online services, you'll be able to:

- Monitor your investment performance.
- Change your investment choice.
- Update your personal details.
- Provide us with your tax file number.
- Change or update your beneficiaries.
- Access copies of your annual statements.

How do you use this facility?

1. Fire up your browser and go to www.primesuper.com.au
2. Then simply click on the online services button on the top right of the screen and follow the simple instructions.

Not a fan of going online?

At Prime Super we believe that accessing your super account should be simple and straightforward. While we believe that our online member services does just that, we also understand that not everyone has access to the web, or enjoys transacting online.

If you're one of these people, simply give us a call on 1800 675 839 and we'll do what we can to help.

The screenshot shows the Prime Super website homepage. At the top, there's a navigation bar with links like 'Home', 'Individuals', 'Business & Self-employed', 'Accommodation', 'About Us', 'Media & Resources', and 'Contact Us'. On the left, there's a sidebar with 'Individuals' and 'Business & Self-employed' sections, each with a list of links. The main content area features a large green banner with the text 'The super fund of choice for rural and regional Australians.' Below the banner are three photographs of people: a man in a green shirt, a man in a blue shirt, and a woman in a white shirt. To the right of the banner is a sidebar with 'Tools & resources' and 'What's all over here?'. At the bottom, there's a section titled 'With support and community'.

insurance protection available through your super

Insurance protection – can you afford not to have it?

One of the issues we feel strongly about is the importance of having adequate insurance cover to protect your family and yourself should you become seriously ill or injured. This can be catastrophic for any family and statistics show, in the case of accidents, it unfortunately happens more often in regional areas than it does in cities.

As the super fund of choice for rural and regional Australians, your financial wellbeing is important to us. That's why we 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 (TPD). It costs just \$3 per week and premiums are deducted directly from your member account. If you wish, you can elect to increase your level of cover to meet your personal circumstances.

If you prefer not to take advantage of the cover, simply let us know and we'll refund any premiums you may have paid.

However, we often remind our members that this is very competitive insurance cover that provides a low cost, simple and effective way to protect your family. The cover is also tax effective and you're not required to provide evidence of good health.

You choose your level of cover

Generally, subject to eligibility and underwriting assessment, members can choose from the following insurance options:

Default cover When you join the Fund and if you are eligible, you receive two (2) units of death and 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.

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 any 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 super 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 so that the insurer can assess your request.

In turn, the insurer may pass this information on 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 to assess any claim you make. They may also 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 at any time 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.

Please refer to page 38 if you would like more information on privacy laws or our privacy policy

Need help to determine the right level of cover?

We can help you review your insurance cover. Simply contact our customer service team or your local Prime Super representative. If it's more convenient, you can also download the Product Disclosure Statement from our website. The PDS provides detailed information about your insurance options including premium rates and we recommend that you read it before making any decision.

Insurance cover issued in error

If insurance cover is allocated to you and we later find out that you were ineligible to receive the cover for any reason, any premiums you've 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 often happens when members frequently change employers. Should this occur, any 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.

Trauma insurance now available to Prime Super members

As medical science continues to improve, the chances of surviving a critical event such as a heart attack, stroke or cancer are also greatly improved. Whilst this is great news, the cost of living with, and treating one of these conditions can place a large financial burden on you and your family.

Through our partnership with MetLife, a specialist life insurance provider, we're giving you the opportunity to protect your family from the financial burden of a major illness.

MetLife's range of trauma insurance products are low cost, easy to obtain and cover the most common critical illnesses including heart attack, heart disease, cancer, stroke, paraplegia and numerous other medical traumas.

Their recovery plan also offers an additional loss of independent living benefit which pays out 100% of your benefit if your illness or injury results in you being permanently unable to perform common everyday activities.

Select the benefit level that best suits you

Because everyone's needs - and budgets - are different, you can choose a level of cover that suits you from \$25,000 up to \$250,000. Or simply tell MetLife how much you

would like to pay each month, and they'll calculate the amount of cover you'll receive.

Low cost, 5 year fixed premiums

Premiums cost less than 40c a day for \$50,000 worth of cover for a 34 year old female non-smoker and 53c a day for a 34 year old male non-smoker.

As an added benefit, when you take out a policy, your premium is fixed for five years.

If you would like further information on trauma insurance, please call MetLife on 1300 555 625.

Alternatively refer to our Insurance Guide which is available online at www.primesuper.com.au or by calling us on 1800 675 839.

What you're entitled to

Total and permanent disablement benefit (TPD)

If you become totally and permanently disabled (as defined by law and in the Fund Trust Deed) you're entitled to have the balance of your member account paid out. You will also be paid any TPD insurance cover you are eligible to receive. The terms of your insurance cover are specified under an insurance policy owned by the Fund.

Before your benefit can be paid however, your insurer will need to make an independent assessment about your eligibility to receive a benefit in accordance with the terms of the insurance policy.

Occasionally this may mean that while the Trustee has agreed to make a payment, the insurer may rule that the member is not totally and permanently disabled.

Although rare, we would always attempt to convince the insurer to reconsider their position.

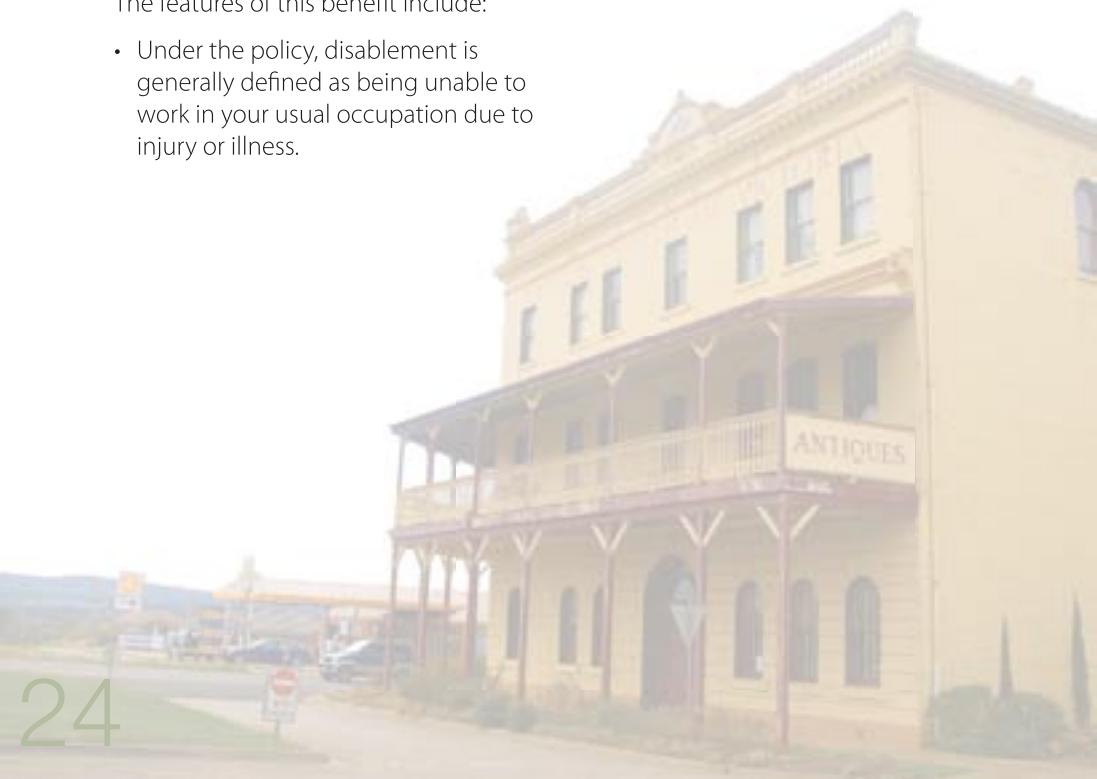
The amount of your TPD benefit is estimated in your annual statement each year.

Income protection benefit

Members who are eligible can apply for income protection cover (temporary disablement). Any application for cover is subject to acceptance by the insurer. The features of this benefit include:

- Under the policy, disablement is generally defined as being unable to work in your usual occupation due to injury or illness.

- If you are injured and your claim is accepted, your benefit is generally 75% of your monthly income.
- Your benefit is paid for the period of your disability, up to a maximum of 2 years.
- You may be subject to a waiting period before your benefit starts. This can be 30, 60 or 90 days depending on your cover.
- Once your claim has been assessed and approved by the insurer, your benefit is paid entirely from the proceeds of your policy and does not come out of your super savings.



seven ways to grow your super

Are you making the most out of your super? If not, our tips can help.

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% interest your savings could grow to approximately \$13,500 after 10 years and \$35,800 after 20 years*. With Prime Super any contributions you make from your after-tax income go straight into your member account and are invested – there are no fees or tax payable.

To start making regular contributions, download an 'Electronic Funds Transfer' form from our website or ask your employer to make regular deductions from your pay.

*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 super contributions and reduce your tax

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.

If you are self-employed, download a 'Personal Contributions by EFT' form from our website 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 super savings with other funds, 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.

All you need to do is complete a roll over form (available from our website or by calling us on 1800 675 839) and we'll do the rest.

4

Let the Government help you

If you make personal contributions to your super, you could be eligible to receive up to \$1,000 from the Government each year which is deposited straight into your Prime Super member account.

To check if you're eligible, call us on 1800 675 839 or contact the ATO on 13 10 20 or www.ato.gov.au for full details.

5

Give your spouse a helping hand and share the benefits

Depending on your spouse's income, you may qualify for a tax offset on contributions of up to \$3,000 that you make to their account on their behalf. To find out if you're eligible for the tax offset, visit our website or call us on 1800 675 839.

6

Over 55? You can now reduce your tax and boost your super at the same time

If you're well on the road to retirement, you can take advantage of new 'transition to retirement' strategies. You can keep working (either full-time or part-time) and use a Prime Super income stream to provide some extra income. You can then salary sacrifice more of your pay into super, reduce your tax and increase your super benefits.

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

7

Find that lost super

The ATO keeps a register of people who have been reported by their super fund as lost. If you think some of your super might be lost, give us a call and we'll help you find it.

If you do have lost super and want to roll it into your Prime Super member account, you'll need to complete a roll over form and send it to us.

For more information about any of these tips give us a call and we'll send you the complete booklet.

your benefits in prime super

There are strict regulations that dictate when you can access your super benefits. In general, access to your super will depend upon the preservation classification that applies and your preservation age. Both are determined by the government.

There are three classes of preservation -

Unrestricted non-preserved benefits

These are generally benefits that a member has already become entitled to be paid but has voluntarily decided to keep within the super system. These benefits can be paid out to the member at any time, irrespective of their age, employment status or financial situation.

Restricted non-preserved benefits

These are super benefits that can be paid when you leave a job or when you are otherwise eligible to take a benefit from the fund, including reaching your preservation age.

Preserved benefits

All super contributions and earnings paid or accrued from 1 July 1999 are preserved. This means that they cannot be released until the member meets a condition of release, usually retiring after reaching preservation age or age 65. Preserved benefits may be paid out early where the person dies, becomes disabled

or if the person gains Australian Prudential Regulation Authority (APRA) or trustee approval for early release of benefits. New employer ETPs (employer termination payment) are also fully preserved.

Regulations relating to the preservation of benefits are 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 or 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.
- Suffering total and permanent disability.
- Permanent departure from Australia if you are an eligible temporary resident.
- Satisfying any other condition of release set by the Government.
- Death.

What's my preservation age?

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

More information about your benefits is contained in the current PDS, which is available online or by calling us on 1800 675 839.

How to claim your benefits

To make a claim, all you need to do is contact us.

How benefits are paid

We can pay benefits in a number of ways:

- As a series of draw downs
- As a lump sum
- As an allocated pension
- As a non-commutable allocated pension
- As an allocated income stream

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.

For more information on the different income streams available, please see page 33.

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 APRA to receive and invest the entitlements of super 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).
- 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 are sent to the ATO and may be claimed by contacting the ATO 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.

your annual statement

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

Withdrawal benefit

If you leave the Fund (this usually happens when you change jobs) you are entitled to have the balance of your member account paid to your new super fund. This is called a withdrawal benefit.

However it's important to remember that you don't have to take a withdrawal benefit. You can keep your savings in Prime Super and instruct your new employer to pay future contributions into your Prime Super member account.

If you do decide to change funds, we will arrange for your benefit to be rolled over to your new fund or retirement savings account once we have received the final contribution from your previous employer.

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:

- You reach your preservation age (see page 28 to see what your preservation age is.) Restrictions may apply on these payments.

- Age 65.
- 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 is complex and details are provided on page 27.

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. More details about the Prime Super allocated income stream and non-commutable allocated income stream products are provided on page 33.

Death benefit

If you die while you are a member of the Fund, your death benefit - the balance of your member account plus any insurance cover - 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. More details on the insurance cover options available to you are provided on page 21.

Nominating a beneficiary

While you are a member, you can nominate who you would like to receive your death benefit once you die. There are two ways you can do this.

Preferred beneficiaries

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.

However, even though you might tell us who you want to receive your benefit, by law the Trustee, is ultimately responsible for the final decision about who will receive your death benefit. Generally, the benefit is paid to one or more dependants or a legal personal representative.

Binding nominations

If you would like more certainty over who will receive your death benefit, you should complete a binding death benefit nomination. A binding death benefit nomination is legally binding and sets out the dependants and/or legal personal representatives that you would like to receive your death benefit. This means that upon your death, your benefit will be paid to the people you want to receive it as long as your nomination is valid (it must be renewed every three years), and the people you have nominated qualify as beneficiaries at the time the benefit is paid.

More information on the laws applicable to 'dependants' is provided on page 38.

What if I need to access my super before I retire?

In Australia super generally can't be accessed before you are at least 55 years old. However under some very specific circumstances, the law allows you to access your super entitlements earlier.

Financial hardship and compassionate benefits

The Trustee may pay benefits to members in the event of financial hardship or on compassionate grounds.

Financial hardship benefit

To be eligible to receive a financial hardship benefit, you must satisfy the following requirements:

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

Applications can be lodged with the Trustee, who will assess and determine each case according to the relevant law.

Compassionate benefit

APRA administers the very limited circumstances where benefits may be released on compassionate grounds. These circumstances are set out in the Superannuation Industry (Supervision) Regulations and only cover:

- 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 from selling your home.
- Other similar grounds.

All applications for a compassionate benefit need to be made to APRA. However it's important to note that despite APRA's ruling, the early release of benefits to members will still be subject to the governing rules of the Fund.

So before you make an application to APRA you should check that we will be able to take action on any approval to release funds given by APRA.

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, fees and charges, insurance premiums, 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 and charges.

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. For a full list of our fees and charges, please refer to our product disclosure statement.

income streams

Investment in income streams provides a flexible and tax efficient strategy that can give you access to your super before you have fully retired from work. Prime Super provides two types of income streams - the allocated income stream and the non-commutable allocated income stream.

The allocated income stream

Generally, a Prime Super allocated income stream lets you convert your super into regular income once you retire or in the event that you become totally and permanently disabled.

Some of the benefits of the allocated income stream are:

- Your money is transferred from your member account into a special allocated income stream member account and you decide how your money is invested.
- Investment returns earned in your member account are tax free.
- If you're 60 or older, your payments are tax free.
- If you're under 60, your payments receive a concessional tax treatment.
- You choose the amount of payments you wish to receive and the frequency of those payments – either fortnightly, monthly, six monthly or yearly.
- You'll continue to receive payments until your member account balance reaches zero.
- If you want, you can draw down lump sums. However, the minimum amount you can draw down in a year is set by the Government and it depends on your age. The Government has halved the minimum payment amounts for account-based pensions for the years 1 July 2008 to 30 June 2010.

Age	Minimum % withdrawal (other than for years 1 July 2008 to 30 June 2010)	Minimum % withdrawal for the years 1 July 2008 to 30 June 2010 for certain pensions and annuities
Under 65	4%	2%
65 – 74	5%	2.5%
75 – 79	6%	3%
80 – 84	7%	3.5%
85 – 89	9%	4.5%
90 – 94	11%	5.5%
95 or more	14%	7%



The reduction in the minimum payment amounts for the years 1 July 2008 to 30 June 2009 and 1 July 2009 to 30 June 2010 applies to account-based annuities and pensions, allocated annuities and pensions, and market-linked annuities and pensions.

It's important to note that once you open an allocated income stream member account you can take money out but you can't put any more in. This means that it's a good idea to consolidate your super accounts before transferring them into an 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 automatically 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 non-commutable allocated income stream also gives you a number of important tax advantages.

- All investment returns earned in your member account are tax free.
- If you're 60 or older, your payments are tax free.
- If you're under 60, your payments receive a concessional tax treatment.

- If you're over 55, you may be able to use your benefit to supplement your income while you're still working or to reduce your tax while still maintaining the same net income.

If you have reached your preservation age you can roll over your super into the non-commutable allocated income stream while you're still working and start to draw income from it.

The amount of income you can draw each year cannot be more than 10% of your member account balance. This limit is set by the Government.

Lump sum withdrawals cannot be made in the non-commutable income stream unless you meet one of the following conditions:

- You've permanently retired and have reached your preservation age.
- You're 65.
- You're 60 and have ceased gainful employment with an employer.
- You satisfy the compassionate grounds tests.
- You meet the financial hardship requirements.
- You've passed away.
- You suffer total and permanent disability.
- You've permanently left Australia (if eligible).

abridged financial statements for 2008/09

Abridged unaudited financial statements are provided in the following section for the information of members. Copies of the full audited financial statements and auditor's report are available upon request.

A statement of the financial position		
Abridged statement of financial position as at 30 June 2009		
	2009 \$'000	2008 \$'000
Current Assets		
Cash & cash equivalents	6,683	9,070
Trade and Other receivables	190	471
Prepayments	5	0
Deferred tax asset	37,606	29,721
Total Current Assets	44,484	39,262
Non-Current Assets		
Investments		
Cash and short term deposits	145,527	160,567
Other interest bearing securities	4,624	39,277
Australian equities	284,395	322,628
International equities	184,987	250,875
Property – Unit Trusts	280,805	260,115
Other	377	375
Property, plant & equipment	145	97
Total Non-Current Assets	900,860	1,033,934
Total Assets	945,344	1,073,196
Current Liabilities		
Trade and other payables	3,099	4,213
Current tax liabilities	(2,733)	3,722
Deferred tax liabilities	848	9,668
Total Current Liabilities	1,214	17,603
Net Assets Available to Pay Benefits	944,130	1,055,593
Represented by:		
Liabilities For Accrued Benefits		
Allocated to members' accounts	932,972	1,045,636
Unallocated to members' accounts	6,930	7,221
Reserve	4,228	2,736
	944,130	1,055,593

a statement of the financial performance

Abridged statement of financial performance as at 30 June 2009

	2009 \$'000	2008 \$'000
Investment Revenue		
Interest	329	405
Distributions from unit trusts	63,101	46,056
Changes in market values	(249,386)	(146,444)
Direct investment expenses	(3,224)	(6,000)
Total Investment Revenue	(185,180)	(105,983)
Contribution Revenue		
Employer contributions	125,620	124,995
Members' contributions and roll-ins	15,058	28,391
Total Contribution Revenue	140,678	153,386
Other Revenue		
Group life insurance proceeds	8,299	9,275
Other	3	66
Total Other Revenue	8,302	9,341
Total Revenue	(40,200)	56,744
Expenses		
General administration expenses	11,668	11,619
Group life insurance premiums	15,191	15,878
Surcharge expense	(6)	105
Total Expenses	26,853	27,602
Benefits accrued as a result of operations before income tax	(67,053)	29,142
Less income tax expense	(4,790)	(10,017)
Benefits accrued as a result of operations before income tax	(62,263)	39,159

important information about your membership in prime super

Changes to Superannuation law

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

- **Ordinary Time Earnings (OTE)**

From 1 July 2008, 'Ordinary Time Earnings' (OTE) became the only earnings base that could 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.

- **Same-sex and de facto couples**

From 1 July 2008, same-sex couples and de facto couples receive the same treatment for 'superannuation purposes' as couples in a traditional husband-wife relationship. The definition of a 'spouse' has been extended to include someone of the same-sex or someone who is in a de facto relationship with the person.

The definition of a 'child' has also been extended to children of a couple who are in a same-sex relationship. The changes affect the tax treatment of death benefits paid to a same-sex spouse or their child (i.e. it is now tax free because it is paid to a dependent) and allows for income splitting between same-sex couples.

- **New awards**

On 19 December 2008, the Full Bench of the Australian Industrial Relations Commission (AIRC) created 17 new awards for priority industries and occupations and, for 14 of the 17, it specified a particular super fund to be used by an employer as the default fund for compulsory super contributions. From 1 January 2010, employers who are affected by one of the 14 awards must use either:

- the AIRC-nominated default fund; or
- if the employer had been making contributions for the benefit of the employees as at 12 September 2008, the employer can continue to use that fund as its default fund.

- **Unclaimed super of temporary residents**

From 18 December 2008, changes apply to the unclaimed super of temporary residents who have left Australia. The main change is that, after a temporary resident has left Australia for more than six months and their visa has expired, the ATO will notify their super fund that it needs to transfer the temporary resident's unclaimed super to the ATO.

- **Definition of total income**

The Government proposes that, from 1 July 2009, a person's total income for tax and super purposes will include their 'reportable employer super contributions' (i.e. the amount of super contributions made by

an employer for an employee that exceeds what the employer is required to contribute under super guarantee or industrial law).

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.

Full details are provided in a Privacy Policy published by the Trustee. A summary of the Privacy Policy can also be found in the PDS. Copies of the Privacy Policy and the PDS 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.

Superannuation surcharge

In the event that the Trustees receive a superannuation surcharge assessment from the 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.

Payment of death benefits to dependants

The Trustee will always consider 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 a child, spouse, or a person with whom you have an interdependency relationship.

Two people may have an interdependent relationship if:

- They have a close personal relationship.
- They live together.
- One or both of them provides the other with financial support.
- One or both of them provides the other with domestic support and personal care.

An interdependent 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 interdependent relationships may include:

- Same-sex couples who reside together and are interdependent.
- Siblings who reside together.
- An adult child who resides with and cares for an elderly parent.

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.

Binding nominations

A binding death benefit nomination gives you greater certainty about who will receive your Prime Super benefit when 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 when you die. It is a legally enforceable instruction that the Trustee is bound to follow, as long as the nomination is valid, and that the people you have nominated qualify as beneficiaries at the time the benefit is paid.

Details of the Trustee's investment and administration reserve

The Trustee operates two reserves, the administration reserve and the investment fluctuation reserve; both of which 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	2009	2008	2007
Value	\$818,000	\$884,000	\$1,856,000

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. The value of this reserve as at 30 June 2009 after distributions to members was \$3,310,000.

Balance of the investment fluctuation reserve account at 30 June 2009 is shown below:

Year Ended	2009	2008	2007
Value	\$3,310,000	\$1,752,000	\$3,155,000

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:

Barry Cochran (appointed as chairman 29/10/08)	Chairman, Appointed to the board on 24 July 1997
Alan Bowman	Deputy Chairman, Appointed to the board on 26 January 2001
James Ferguson (retired as chairman 29/10/08)	Appointed to the board on 7 December 1994
Virginia Collins	Appointed to the board on 2 August 2001
Trevor Dixon	Appointed to the board on 5 April 2004
Russell Higginbotham	Appointed to the board on 5 April 2004
David Cooper	Appointed to the board on 1 July 2009

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 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 changes that are important to you. There were no changes made to the Trust Deed in the financial year ending June 2009.

Important legislation

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

Anti-money laundering and counter terrorism financing

The Fund is obligated to comply with the *Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth)*.

As a result:

- We may require you to provide additional information in order to verify your identity before providing services to you.
- Transactions may be delayed or refused where there are reasonable grounds to believe that the transaction breaches Australian law or the law of any other country.

- Where transactions are delayed or refused, we are not liable for any loss you suffer howsoever caused.

From time to time, we may be legally required to disclose the information provided by you to regulatory and law enforcement agencies, including the Australian Transaction Reports and Analysis Centre.

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 30 June 2009 no policy committees exist. 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, Alan Bowman, Barry Cochran, Virginia Collins and Trevor Dixon are Directors of the Agricultural Company of Australia Pty Ltd (AGRICO), a company established and owned by the Fund to invest a small proportion of Fund assets in Primary Industry. Barry Cochran, Virginia Collins and Trevor Dixon were newly appointed on 28 April 2009. David Cooper was also appointed as a director of AGRICO on 1 July 2009.

James Ferguson, Alan Bowman and Lachlan Baird were Directors of CCSL Limited (CCSL), a company purchased by the Fund as an investment in the Financial Services Industry, during the 2008/09 financial year. Lachlan Baird resigned as a Director of CCSL on 13 January 2009.

The Directors have established procedures to ensure investments in AGRICO and CCSL 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 line with superannuation law. The Trustee lodges a return each year with 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, auditor's reports, investment policy information, information on enquiries and complaints procedures, insurance policies and the risk management plan.

You can request information and answers to any questions by contacting us by mail, phone, fax or email.

Post: **Prime Super**
PO Box 2229
Wollongong NSW 2500

Phone: **Freecall 1800 675 839 (8am-8pm EST Monday – Friday)**
Overseas +61 2 4298 6008

Fax: **Freefax 1800 023 662.**

Email: administration@primesuper.com.au

Web: www.primesuper.com.au

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 1800 675 839 or by writing to:

The Enquiries and Complaints Officer

Post: **Prime Super**
Level 15, 190 Queen Street
Melbourne VIC 3000

Fax: **1800 023 662**

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 super funds. The SCT can only consider your complaint if you have already approached the Trustee. You can contact the SCT on 1300 780 808 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. 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.

a summary of fund advisors and service providers

The Trustee uses a range of specialists to look after the Fund and its investments. In summary, the key parties, including service providers, who participated in managing the Fund at 30 June 2009 were:

Trustee	Farm Plan Pty Limited
Fund Administrator	Pillar Administration
Auditor	Ernst & Young
Asset Consultant	Access Capital Advisers Pty Ltd
Custodian	National Asset Services
Legal Advisor	Freehills and Madgwicks
Insurer	MetLife Insurance Limited



Part of your Community



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