State Super Financial Services Australia Limited

Audit Opinion

The audits of the Company, its two retail investment products and State Super Fixed Term Pension Plan's financial statements for the year ended 30 June 2011 resulted in unmodified audit reports within the Independent Auditor's Reports.

Operational Snapshot

State Super Financial Services Australia Limited provides New South Wales and Commonwealth public sector employees and their family members with financial planning and funds management services. It achieved positive returns in its retail investor products for the year. Funds under management were $9.3 billion at 30 June 2011.

The two retail investment products used are:

- State Super Retirement Fund (SSRF) – including State Super Personal Retirement Plan (SSPRP), State Super Allocated Pension Fund (SSAPF) and State Super Term Allocated Pension Fund (SSTAPF)
- State Super Investment Fund (SSIF).

Performance Information

Investment Performance of the Retail Investment Products

For its retail investment products, four investment choices are available to client investors for different investor risk profiles. These are:

- growth fund
- balanced fund
- capital stable fund
- cash fund.

The product performance tables below show the returns to investors for each of the Company's retail investment products. All funds performed positively in the current year following the recovery in the equity markets. The three and five year average measures were also positive for all funds.

State Super Personal Retirement Plan Investment Choice	Product Performance % per annum		
	1 Year	3 Year	5 Year
Growth fund	10.9	0.7	1.0
Balanced fund	9.3	2.8	2.5
Capital stable fund	4.5	4.4	3.9
Cash fund	3.6	3.4	4.0

Source: State Super Financial Services Australia Limited.

State Super Allocated Pension Fund Investment Choice	Product Performance % per annum		
	1 Year	3 Year	5 Year
Growth fund	11.4	1.3	1.2
Balanced fund	10.0	3.3	2.8
Capital stable fund	5.2	5.0	4.4
Cash fund	4.1	3.8	4.6

Source: State Super Financial Services Australia Limited.

State Super Investment Fund Investment Choice	Product Performance % per annum		
	1 Year	3 Year	5 Year
Growth fund	10.7	0.7	0.7
Balanced fund	9.4	2.8	2.4
Capital stable fund	4.9	4.7	4.2
Cash fund	4.0	3.8	4.7

Source: State Super Financial Services Australia Limited.

State Super Fixed Term Pension Plan is a defined benefit plan which closed for applications on 19 September 2004. The Plan invests in a product developed by Deutsche Bank AG (DBAG) to fund the defined benefits obligation. No performance information is therefore provided.

Also refer to the Superannuation Industry Overview comment for further commentary about performance information.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Income	100,563	87,668
Expenses	52,541	48,316
Profit before income tax	**48,022**	**39,352**
Income tax expense	14,446	11,785
Profit	**33,576**	**27,567**

Income comprises interest and fees from management of the retail investment products, including trustee fees of $94.4 million ($82.0 million in 2009-10). Income increased in 2011 due to increased funds under management. Expenses include staff expenses of $35.4 million ($32.7 million), administration expenses of $15.3 million ($13.8 million), depreciation and amortisation of $1.8 million ($1.8 million).

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Current assets	54,474	46,566
Non-current assets	9,140	8,722
Total assets	**63,614**	**55,288**
Current liabilities	16,954	14,812
Non-current liabilities	1,068	893
Total liabilities	**18,022**	**15,705**
Net assets	**45,592**	**39,583**

Funds under management are not included in the statement of financial position. Funds under management increased by 15.3 per cent to $9.3 billion at 30 June 2011. The Company contracts the investment management of these funds to external investment managers. Refer to the Superannuation Industry Overview comment for further commentary about outsourcing arrangements.

Company Activities

The Company was established by the SAS Trustee Corporation and is 100 per cent owned (at 30 June 2011) by the SAS Trustee Corporation Pooled Fund of which SAS Trustee Corporation is the Trustee. It provides past and present New South Wales and Commonwealth public sector employees and their family members with financial planning and funds management services. Comment on the SAS Trustee Corporation Pooled Fund is included elsewhere in this report.

The Company acts as the Responsible Entity for the State Super Investment Fund, and as 'Registrable Superannuation Entities' Licensee for the State Super Retirement Fund and State Super Fixed Term Pension Plan.

For further information on the Company, refer to www.ssfs.com.au.