

CBH SUPERANNUATION FUND

ANNUAL REPORT TO MEMBERS

For the year ended 31 October

2009



A brighter year for CBH Superannuation Fund members

NUMBERS ARE IMPORTANT!

- | | |
|---------------|--|
| 12.38% | - The interest rate credited to member accounts for 2009 |
| 12.59% | - The 5 year average crediting rate |
| 11.13% | - The 10 year average crediting rate |

- The corporate superannuation fund for CBH Group permanent employees -

ISSUED: February 2010 (Docs #861484)

Cover: Kalannie Receival Point (J McRobbie)

CONTENTS

The Year in Brief

- Investment returns Page 2
- Strategic focus Page 2
- Retained membership Page 3
- Legislative changes Page 3

Investment Report:

- Investment environment Page 4
- Investment performance Page 5
- Investment approach Page 5
- Investment Policy Statement Page 6
- Asset class allocations Page 6
- Major investments Page 7
- Investment activities during the year Page 8
- Investment strategy for 2010 Page 8

Membership Information:

- Tax File Numbers Page 10
- Crediting rates Page 10
- Contributions Page 11
- Payment of Benefits Page 12
- Portability & voluntary withdrawals Page 14

Fees & Expenses Page 14

Trustee Information Page 16

Abridged Financial Statements Page 18

Contacting the Fund:

- Enquiries Page 20
- Complaints Page 20

Privacy Page 20

Contact Directory Page 21

THE YEAR IN BRIEF

Investment Returns. The Trustee recognises that members’ primary concern is the ability of the Fund to grow their superannuation account balance and therefore the return to positive investment returns was very pleasing.

Predicting the future again proved difficult and the Trustee did not foresee that the extremely poor investment environment that prevailed at the beginning of the year would cause a substantial reduction in demand for benefit payments. The resultant high cash levels, combined with the absence of contributions income due to the employer contributions holiday, meant that the Fund did not take full advantage of the heavily discounted capital raisings undertaken during the year.

Nevertheless, the acceptable 10.82% return on investments demonstrated the value of maintaining a quality diversified portfolio.

Strategic Focus. With a 50% change in Trustee Directors during the year it was considered appropriate to undertake a major review of the Fund’s strategic direction. Consequently the Trustee Board determined that the key objectives were:

- To continue as a stand-alone corporate superannuation fund for CBH Group employees;
- To focus on providing long-term returns to members through directly managing investments;
- To pursue cost-efficiency through increasing the assets under management, encouraging member retention and by avoiding the distractions and costs of providing peripheral services and products; and
- For member communications to be in-house rather than outsourced.

Creation of Retained Membership Class. A major frustration expressed by members has for some time been the need for them to transfer their superannuation out of the Fund when they left the employment of the CBH Group.

In recognition of this, the Fund’s governing rules were amended so that any member who has worked with CBH Group for at least 7 years can elect to remain with the Fund after they leave CBH Group employment. The ability to make multiple withdrawals each year will provide retirees with considerable flexibility to manage their retirement income.

While rollovers can be made from other funds, it is not at this time possible for contributions to be made to a retained member account.

Key Fund Statistics.

	2008	2009
Active Members	436	446
Retained Members	0	4
Pensioners (class closed)	10	8
Vested Member Benefits	\$103,400,833	\$112,333,200
Net Fund Assets	\$122,586,021	\$129,549,634

Legislative Changes.

- **Reduction in Superannuation Contribution Caps.** The Government reduced from 1 July 2009 the annual amount of superannuation contributions that can be made annually.

The cap on concessional contributions (all employer contributions including the 9% superannuation guarantee and salary sacrifice) has been reduced to \$25,000 pa for those aged up to 50 years. The transitional cap for those over 50 years (which applies until 30 June 2012) is now \$50,000 pa. If you exceed the cap in any financial year then the excess will be subject to an additional 31.5% tax on top of the 15% contributions tax already paid when contributions are received.

The non-concessional (after tax) member contributions cap remains unchanged at \$150,000 pa for persons under age 65, or \$450,000 over a three year period for those aged between 50 and 65 years.

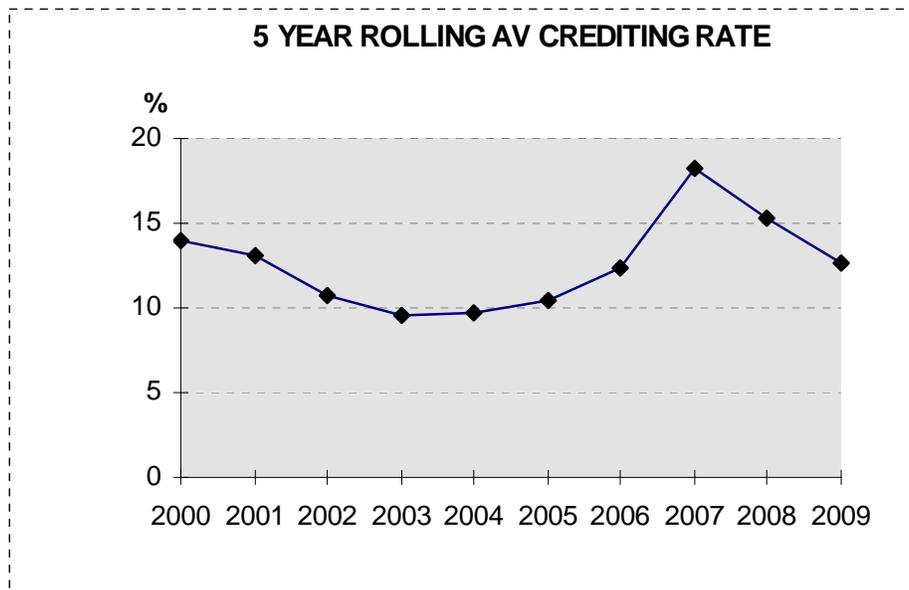
All members, particularly those under age 50 years, need to keep the contribution cap in mind when determining their level of salary sacrifice.

- **Temporary Residents Departing Australia.** New conditions were introduced from 1 April 2009 to the legislation covering the ability of temporary residents to claim their superannuation money when they leave Australia.

Superannuation funds must now transfer any account held for a departed temporary resident to the Australian Taxation Office 6 months after the departure date.

Members who worked in Australia on a temporary resident visa and whose visa has expired or has been cancelled can only claim their superannuation benefit directly from the Fund within 6 months of departing Australia. Any such payment is subject to 35% withholding tax.

Due to the need to obtain documentation from the immigration authorities, it is advisable for any affected persons to commence their application early, even though it may only be submitted after they have left Australia.



INVESTMENT REPORT

The Investment Environment

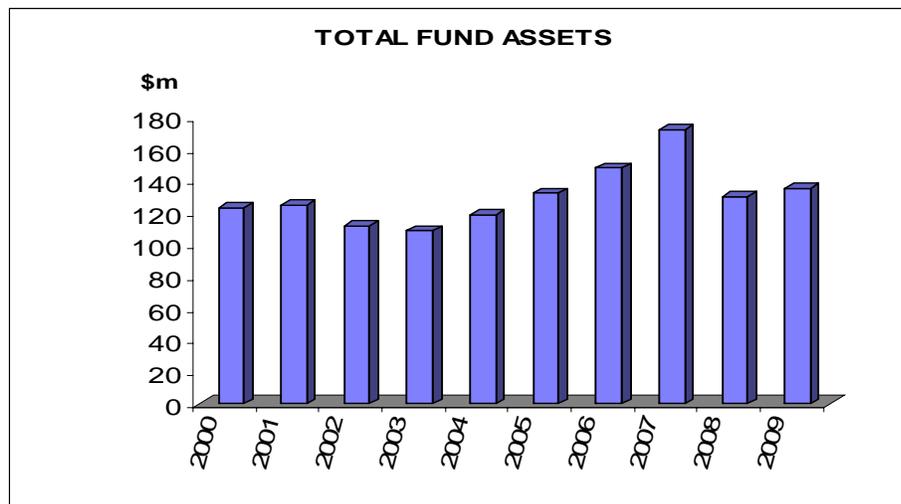
In what can perhaps best be described as a “roller coaster” ride, the value of the Fund’s investments continued to fall in the first half of the year as the global financial system froze and the prospect of a world depression became very real. This was then followed by a dramatic share market recovery as liquidity and trade was reignited through the unprecedented intervention of Governments.

This reversal of fortunes is clearly demonstrated by the following chart of the Australian All Ordinaries index for the 2008 and 2009 calendar years, which it will be noted is still substantially below its 2007 peak:



.... Impacted on Fund Assets

The stock market turnaround enabled the total Fund assets to increase from \$130 million to \$135 million despite net cash outflows of almost \$7 million arising from benefit payments made being greater than contributions and transfers received.



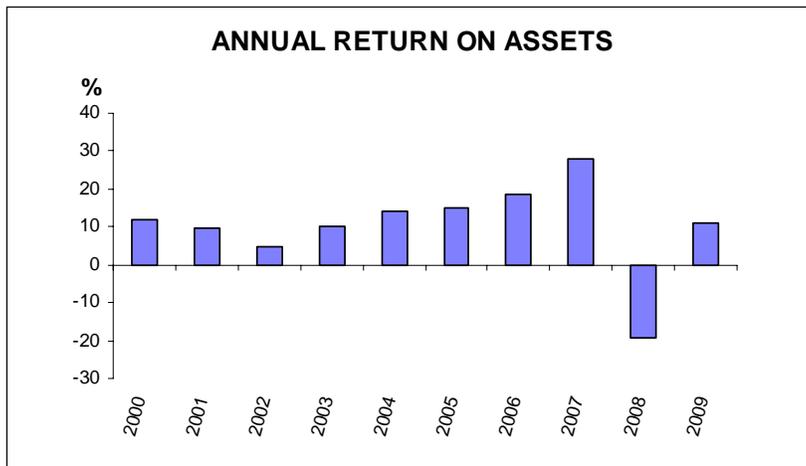
... and Investment Performance for the Year

With approximately 50% of Fund assets invested in Australian shares, the Fund benefited from the 23% rise in Australian stock market over the year.

The Fund's annual investment earning rates for the last 5 years were:

2009	10.82%
2008	-19.32%
2007	28.11%
2006	18.81%
2005	15.18%

The average return for the last 5 years is 10.72% pa and the 10 year average is 10.38%.



Note: Members should be aware that past performance should not be taken as an indication of future performance.

THE TRUSTEE'S INVESTMENT APPROACH

Investment Objectives

The primary investment objective is to seek returns after tax and investment costs that exceed the change in the Perth Consumer Price Index by at least 3% per annum over rolling 5 year periods.

An additional investment objective is to achieve a net return after tax and fees that is competitive with the main superannuation funds that are also available to new employees of the CBH Group as an alternative to joining the CBH Superannuation Fund.

Investment Philosophy

The Trustee believes that members' interests are best served through the self-management of the investment portfolio and nothing has emerged from the recent investment turmoil to suggest that external investment managers generally provide the investment outperformance to justify their fees.

Socially Responsible Investing

The Trustee does not specifically address labour standards, social, environmental or ethical issues when assessing investments. It believes that companies that have poor socially responsible standards are most likely to also fail other fundamental investment assessment criteria.

Investment Policy & Strategy

The main features of the Trustee’s investment policy and strategy are set out below:

- The primary goal of any investment is to obtain the maximum return to the Fund commensurate with risk management and liquidity requirements.
- The Fund will seek to minimise investment risk by appropriate diversification of its portfolio.
- Negative investment returns over the short term is acceptable in order to gain long-term benefits that share and property investments provide.
- While there is no prohibition against the use of investment managers, the Trustee will manage the majority of the portfolio in-house.
- The Trustee will follow a generally passive investment management policy (i.e. investments are purchased with the view to being held for the long term) based upon the asset allocation benchmark ranges set out in this document.
- Listed share investments will be primarily in dividend-paying Australian stocks, with a bias towards ASX 100 companies paying franked dividends.
- The Fund may invest in listed Australian resource sector stocks provided that those stocks are either dividend paying or are expected to pay dividends during the period in which the Fund intends holding the stock.
- The Fund does not invest either in direct overseas shares or in derivatives.

Member Investment Choice

At this time the Fund offers only a single pooled investment and members do not have the option of nominating any investment preferences.

The Trustee does not believe that it can justify imposing upon the general membership the high costs that currently would be involved in establishing the administration and valuation systems necessary for implementing meaningful investment choice options that the experience of other funds indicates would be utilised only by a small minority of members.

Asset Class Allocation

The following table sets out the long term strategic asset allocation ranges within which the Fund will be expected to operate and the long-term benchmark portfolio.

Asset Class	Strategic Asset Range	Benchmark
Australian Shares	48 - 56%	52%
Overseas Shares	0 - 3%	1%
Property - listed	1 - 3%	2%
Property - direct	13 -17%	15%
Other growth investments	0 – 3%	1%
Total Growth Assets	67 - 75%	71%
Australian Fixed Interest	10 - 22%	19%
Cash & Liquid Assets	5 - 15%	10%
Total Defensive Assets	26 – 32%	29%

The Trustee’s long term target allocation is the “benchmark” but the actual allocations will vary within the Strategic Asset Ranges for the particular asset class depending upon the investment environment and asset pricing. Should the allocation to any particular asset class exceed the relevant range by more than 2% then the Trustee will notify members and initiate corrective action to return within the range.

CBH SUPERANNUATION FUND – 2009 ANNUAL REPORT

This table shows the change in asset class allocations over the year:

Asset Class	2008 Allocation	2009 Allocation
Australian Shares	49.05%	51.86%
Overseas Shares	0.59%	0.62%
Property – Directly Held	14.96%	13.84%
Property - Listed	2.93%	1.99%
Australian Fixed Interest	8.16%	11.48%
Cash & Liquid Assets	23.69%	19.61%
Other	0.63%	0.60%

The below information is provided so that members can see what they are actually invested in through their superannuation account:

MAJOR INVESTMENTS HELD AT 31 OCTOBER 2009

Asset	Number	Net Market Value	% of Assets
CASH ON DEPOSIT:			
Commonwealth Bank		\$2,243,902	1.7%
INTEREST BEARING INVESTMENTS:			
Commonwealth Bank Deposits & Notes	6	\$25,213,664	18.7%
Commonwealth Bank pref shares	12,736	\$2,458,990	1.8%
HBOS Floating Rate Notes	20,000	\$1,749,600	1.3%
Westpac Bank Term Deposits & Notes	3	\$4,015,530	2.9%
SHARES IN AUSTRALIAN LISTED COMPANIES:			
ANZ Banking Group	198,005	\$4,543,165	3.4%
Australian Foundation Investment Co	2,500,000	\$13,059,375	9.7%
BHP Billiton	197,744	\$7,368,985	5.5%
Brambles	203,832	\$1,444,027	1.1%
Coca-Cola Amatil	127,000	\$1,344,523	1.0%
Commonwealth Bank	80,000	\$4,159,100	3.1%
CSL	67,500	\$2,115,618	1.6%
Djerriwarrh Investments	324,000	\$1,399,129	1.0%
National Australia Bank	150,000	\$4,455,112	3.3%
Origin Energy	121,734	\$1,946,484	1.4%
WA Newspapers Holdings	229,780	\$1,710,160	1.3%
Wesfarmers	156,382	\$4,370,806	3.3%
Westpac Banking Corporation	200,000	\$5,247,630	3.9%
Woodside Petroleum	37,684	\$1,788,538	1.3%
Woolworths	102,629	\$2,923,576	2.2%
POOLED SUPERANNUATION TRUSTS:			
Mercer Conservative Growth	830,998	\$1,456,814	1.1%
Mercer Growth	761,642	\$1,473,153	1.1%
DIRECT FREEHOLD PROPERTY:			
146-166 Colin Street, West Perth (DSC)		\$18,686,460	13.8%
PROPORTION OF TOTAL FUND ASSETS DISCLOSED:			85.5%

Note: The Australian Foundation Investment Company is a listed investment company that provides low-cost exposure to an extensive range of investment grade companies listed on the Australian Stock Exchange. This stock provides broad diversification within the Australian share market.

Investment Activity during the Year

The need for the Australian banks to obtain Government guarantees for both retail and commercial borrowings in order to operate during the financial crisis highlighted that their risk profile was much higher than envisaged and as a consequence the Fund reduced its exposure to the financial sector and invested in the healthcare and energy sectors in order to reduce the risk concentration of the share portfolio.

The increased risks faced by many Australian Listed (Property) Real Estate Investment Trusts in the changed investment environment was considered excessive for the potential returns available and consequently the Fund exposure to this sector was considerably reduced.

Approximately three quarters of a million dollars was spent upgrading the building services in the Colin Street West Perth freehold property to maintain its acceptability to the State Government tenant.

The investments that contributed well were ...

Australian shares (20.51%), the Perth Clinic Trust (22.84%), pooled superannuation trusts (8.8%) and fixed interest (6.14%).

While the underperforming investments were

Listed property trusts (-3.55%), direct freehold property (1.0%) and cash (3.49%).

INVESTMENT STRATEGY FOR YEAR 2010

Investment Outlook.

The outlook for 2010 is far more positive than that confronted at the beginning of the previous two years. The co-ordinated action of the G20 governments during 2009 averted a major economic calamity and laid the foundations for a recovery in global trade and commerce.

The Australian economy, to which the Fund's investments are largely tied, is now very dependent upon Asian economic activity and the indicators are generally positive for that growth to continue for some considerable time.

However, while the long-term trend for the investment markets is now undoubtedly upward, the coming year also contains many risks that could potentially disrupt that trend line.

While the massive government stimulus measures enabled Australia to avoid slipping into recession it also meant that the economic "benefits" of winding back excess wage rates, increased labour productivity and improved structural efficiencies that are traditionally obtained through "busts" have not occurred.

The reduced competitiveness of Australian labour, combined with the high Australian Dollar, creates a very difficult environment for Australian corporations going forward - particularly as the consequences of loose money supply and Government debt repayments work their way through the economy.

It is now recognised that a major contributor to the global financial crisis was excessive levels of consumer and corporate debt. While most corporations have restored their balance sheets through capital raisings, the explosion of public debt that was created to provide the various stimuli and rescue packages is now a source of major concern as many governments have given scant regard to how they can finance their huge borrowings without causing economic retraction.

The other main contributor to the financial crisis was the rewarding of company boards and executives for excessive risk taking and there is little evidence that the issue will be addressed in a meaningful way.

Irrespective of these long term issues however, there is no doubt that a major economic crisis has been avoided and positive investment returns should in all probability result from the improving world economies.

In pursuing its investment strategy, the Trustee is aware that the economic recovery will probably falter at some time. However, that may not occur for months, years or possibly decades, and just as very few analysts accurately forecast the peak of the last boom so they will only observe the next peak following its passing. The Trustee will therefore maintain an adequate exposure to growth assets with diversity both between and within asset classes while taking a slightly more conservative investment approach than in the past to mitigate the potential impact of the next “unforeseen” event.

The key features of the Trustee’s investment strategy for 2010 are:

- *Fixed interest holdings will be increased;*
- *The cash position will be reduced;*
- *Current level of exposure to illiquid investments (146 Colin Street, West Perth and the Perth Clinic Trust) will be maintained; and*
- *No substantive changes will be made to the broad structure of the share portfolio - and in the event that funds become available through either the disposal of under-performing stocks or through takeover activity, then the Trustee will reinvest those funds in quality Australian stocks that it considers represent the best value available at that time.*

MEMBERSHIP INFORMATION

All permanent employees of Co-operative Bulk Handling Limited, Grain Pool Pty Ltd and Bulkwest Engineering Pty Ltd are eligible for Fund membership.

The number of active members increased by 10 to 446 at year-end, due to 35 members departing and 49 new members joining during the year.

Following the creation of a Retained Membership class mid-way through the year 4 persons elected to become retained members. This resulted in assets under management being \$7 million greater than would otherwise have been the case.

The number of defined benefit pensioners declined by 2 to 8. This is expected to decline further through natural attrition as the youngest pensioner is over 81 years old and the average age is near 89.

TAX FILE NUMBERS

The Trustee is required to deduct an additional tax of 31.5% from any concessional (ie employer) contributions received during the year if no tax file number is provided.

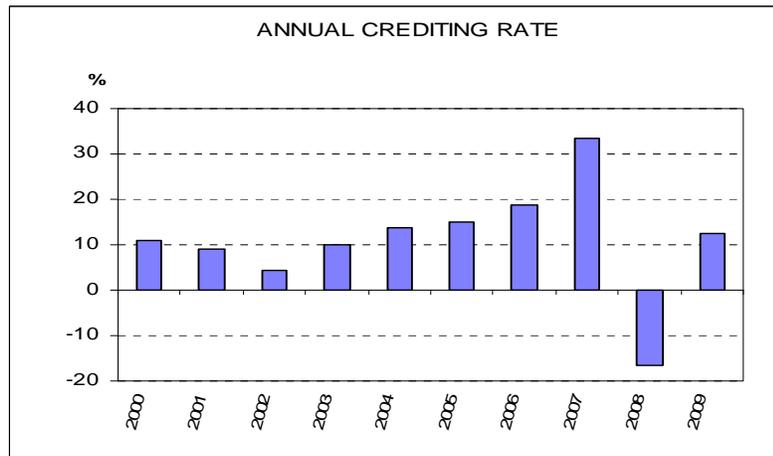
CREDITING RATES

Each year the Trustee sets an **annual crediting rate** based upon the Fund's net earning rate (being the net investment earning rate less administration expenses). The crediting rate is used in applying interest to all applicable members' accounts.

The 2009 Fund annual crediting rate was 12.38%.

The interest rate credited to member accounts for the year is higher than the 10.82% investment earning rate for the same period as the earnings from all the Fund's investment assets, including those of the actuarial surplus that supports the employer contributions holiday, are distributed to member accounts.

Over the last 5 year period the Fund's crediting rate averaged 12.59% and the 10 year average is 11.13%.



The Trustee also sets an **interim crediting rate** for applying interest when calculating the benefits payable to members who leave the Fund during the year. That interest is credited to the exiting member's account on a pro rata basis from the beginning of the Fund's financial year.

The interim crediting rate depends upon the investment market conditions at the time and, like the annual rate, may be positive or negative. It is reviewed on a regular basis to avoid any cross-subsidy occurring between current and exiting members due to changing investment asset values.

CONTRIBUTIONS

Employer Contributions (Concessional)

Member accounts are credited with employer contributions of 9% of the member's ordinary time earnings.

Employer contributions are subject to the legislative cap of \$25,000 per annum for "concessional contributions". A transitional measure permits those over 50 years of age to receive up to \$50,000 pa of concessional contributions until 2012.

Salary Sacrifice Contributions (Concessional)

Members may enter into an agreement with the employer for salary sacrificed contributions to be paid into their superannuation account.

Salary sacrifice contributions count with employer contributions towards the \$25,000 per annum concessional contributions cap (\$50,000 for those over 50 years of age).

Any Fund member considering salary sacrifice should seek financial advice as to its appropriateness in their circumstances.

Member Post-tax Contributions (Non-Concessional)

Members may effectively contribute up to \$150,000 per annum from post-tax sources and those over 50 years of age are able to make up to \$450,000 in a single year by bringing forward future year's entitlements.

These personal contributions create an entitlement to government co-contributions for members below the income threshold.

Government Co-contributions

The Federal Government's incentive scheme to encourage low income employees to contribute personal contributions to their superannuation remains in place.

The government contributes dollar for dollar of personal contributions made by eligible persons earning \$31,920 or less (of income plus fringe benefits including any salary sacrifice arrangements), with a maximum co-contribution amount of \$1,000 available. The co-contribution amount progressively reduces as income increases and cuts out totally at \$61,920 pa.

The co-contribution amount put to the member's account is automatically calculated and remitted to the Fund by the Australian Taxation Office after the eligible person has submitted their annual income tax return.

Low Income Spouse Contributions

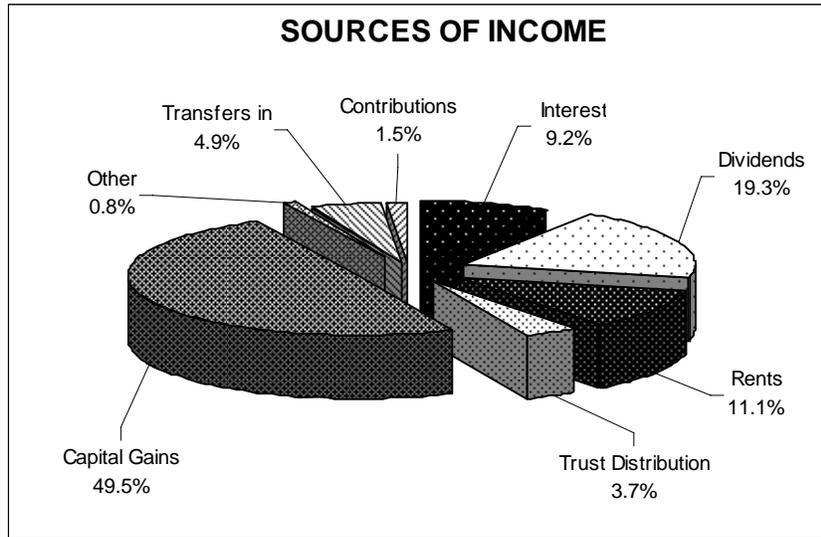
A rebate of 18% is claimable on contributions of up to \$3,000 made on behalf of a spouse earning less than \$10,800 (maximum rebate \$540). Spouse contributions must be made from after-tax monies and will usually involve rollover to another super fund if the spouse is not also a CBH Group employee.

Employer Contribution Holiday

As a consequence of an extended period of high investment returns at a time of diminishing defined benefit liabilities through restrained wages growth and voluntary relinquishment of entitlements, the Fund's net assets are in excess of that required to satisfy all member benefit liabilities

A contribution holiday consequently applies to all concessional employer contributions and will continue until the surplus is expired. The employer is not required to remit payment for either its 9% superannuation guarantee and or salary sacrifice contribution obligations in relation to Fund members.

The Fund earnings come from

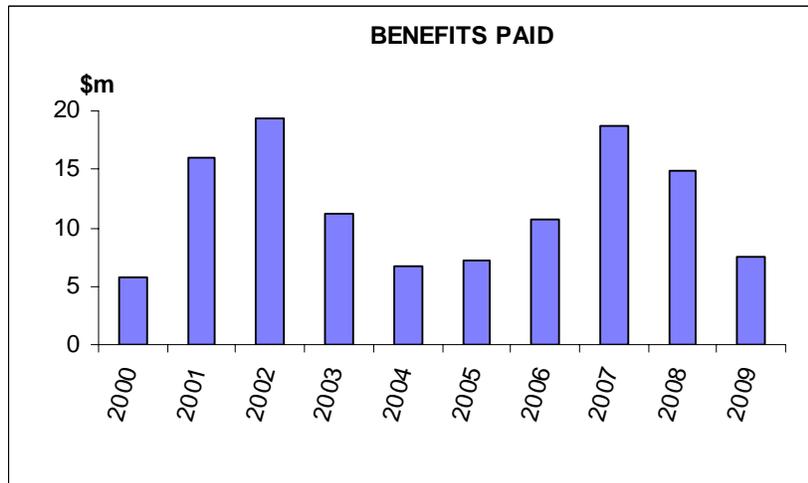


PAYMENT OF BENEFITS

Superannuation benefits become payable when a member ceases to be an employee of the CBH Group for any reason.

Benefit payments totalling \$7,596,362 were paid during the year. This includes 3 voluntary withdrawal payments totalling \$131,500 made under portability provisions.

Upon leaving the Fund members have an entitlement to receive a benefit being the balance of their accumulation account at the time. The member's account balance is determined by adding contributions, incoming transfers and credited interest (or debited if negative) to the opening balance, and deducting any insurance, taxes and administration expenses incurred during the year.



Benefits cannot remain with the Fund after a member has ceased to be an employee of Co-operative Bulk Handling Ltd or an associated employer subsidiary unless a valid retained membership application is submitted.

If an exiting member fails to provide adequate instructions for the payment of a benefit then the due benefit will be transferred from the Fund as per the Fund's unclaimed benefit policy following.

Vested Benefits

Vested benefits are the entitlements to which members would have been due in the event that they had terminated their Fund membership on the reporting date.

Total vested accumulation benefits are \$111,197,996 and the lump sum value of vested defined benefit pensions is \$1,135,204.

Death and Disability Benefits

Death and disability benefit insurance cover is optional and only commences after an application has been assessed and accepted by the Fund's Group insurance provider.

In the absence of any additional cover, the member's current accumulation account balance is payable following receipt and verification of a valid death or permanent disability benefit claim.

Preservation Rules

All contributions and investment earnings received after 1 July 1999 are fully preserved. If you leave your employer for any reason other than retirement, you will generally have to roll over your benefit to another fund until you retire permanently from the workforce after you reach your preservation age. Your preservation age will depend on your date of birth, as shown below:

Date of Birth	Preservation Age
Before 01/07/1960	55
01/07/1960 – 30/06/1961	56
01/07/1961 – 30/06/1962	57
01/07/1962 – 30/06/1963	58
01/07/1963 – 30/06/1964	59
After 30/06/1964	60

If your benefit includes a non-preserved component then that part of the benefit may be paid to you upon employment termination prior to your preservation age - less any lump sum tax applicable.

Identification Requirements for Benefit Payments

Anti Money-Laundering & Counter Terrorism Financing Act provisions require all superannuation funds to obtain adequate member identification prior to making a benefit payment to ensure that the person receiving the payment is who they purport to be.

Additional identification and compliance declarations are required in the event of a rollover to a Self Managed Superannuation Fund due to the capacity of the trustee/member to convert a rollover to cash.

Unclaimed Benefits Policy

The Trustee is required to transfer due benefits into an Eligible Rollover Fund (ERF) if the exiting member does not provide the Fund with adequate benefit payment instructions.

If a benefit is transferred to an ERF then all Fund membership entitlements, including any death or disability benefit cover, will cease.

The Fund's current ERF is The Australian Eligible Rollover Fund and it may be contacted at Locked Bag 5429, Parramatta NSW 2124 (telephone 1800 677 424).

Lost Super.

If you think that you may have superannuation owing to you from previous employers or other superannuation funds, then it could be in your interest to check the lost member register by using the Australian Taxation Office "superseeker" service on their website at www.ato.gov.au.

PORTABILITY AND VOLUNTARY WITHDRAWALS

Any member who is dissatisfied with the Fund may elect to have their account balance transferred to a regulated superannuation fund of their choice. This will be done within 30 days of submission of the appropriate documentation, including any identification requirements.

In order to protect Fund assets against arbitrage "switching" the Trustee may refuse to accept rollovers back into the Fund by members who have previously made a portability withdrawal election.

ADMINISTRATION

The Trustee believes that good member communications are essential for a corporate fund and therefore all contributions receipts, rollover, benefit payments and member enquiries are handled personally by the Fund Secretary.

However, to obtain access to cost-effective compliance and reporting computer technology, member records administration is outsourced to Mercer (Australia) Pty Ltd. Mercer are the leading provider of superannuation fund administration services in Australia.

Although Mercer calculates and provides the statutory documentation for all member benefit payments, it is the Fund Secretary who makes all benefit and other payments.

FEES AND EXPENSES

The general administration expenses for the year were \$190,866, a slight decrease on 2008. Greater administration costs are expected to occur in the coming year due to the triennial actuarial review and an anticipated increased level of regulatory changes affecting superannuation following Federal Parliamentary consideration of the Henry and Cooper inquiry reports.

The employer meets the salary of the Fund Secretary, pays for Trustee training and provides office and other facilities to enable the Fund to operate.

While there are certain costs such as APRA Levies, audit fees and the cost of actuarial and legal advice which are unavoidable, the Trustee endeavours to keep other expenses to a minimum by retaining in-house every function that it is practical and possible to do so.

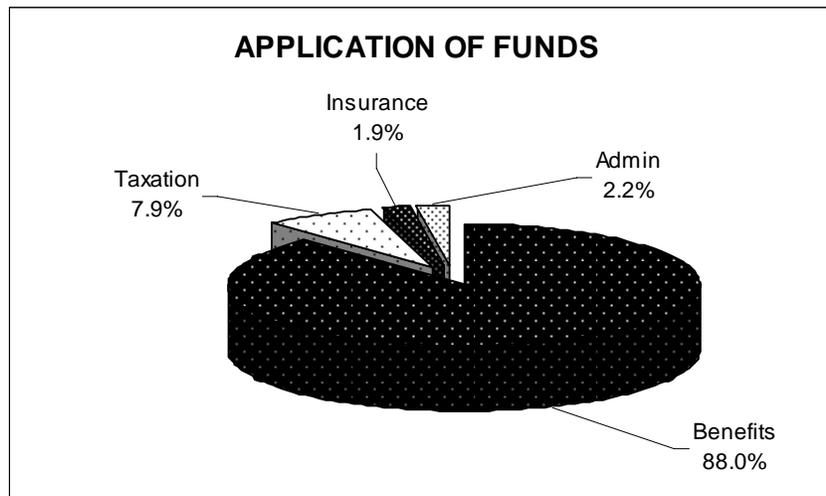
Consequently minimal use is made of investment managers and no asset consultants or custodians are engaged.

Management Expense Ratio

The annualised management expense ratio (being the ratio of total non-tax expenses to total assets) for the financial year ended 31 October 2009 was 0.41%.

This is made up of 0.13% for investment expenses and 0.12% for administration expenses drawn against Fund earnings, with the balance being those costs relating to specific members that are debited against those members' accounts.

Where Fund outgoings are applied



Application of Charges to Member Accounts

The Trustee endeavours to apply any expenses against the account of the individual member on whose behalf the expense was incurred. The aim is that members should not indirectly pay for services or benefits that are either received by another member or which the member does not require.

An administration fee of \$80 per annum per member account is charged to partly recoup the cost of external administration services.

Any death or disability insurance premiums are also debited against the member's account.

In addition, when a member leaves the Fund, a fee of \$98 is deducted from their benefit amount to cover the cost to the Fund of the external administration work involved in preparing the payment documentation.

A splitting fee of \$150 applies where a benefit is split to a non-member spouse under the Family Law Act provisions and a \$200 fee applies to both a contributions split to a spouse account and for the processing a partial portability withdrawal.

Effect of Fees & Expenses on Member Account Balances

Fund operating and investment expenses are deducted from earnings prior to the determination of the interest rate to be credited to member accounts. Therefore investment and administration expenses incurred have the effect of reducing the potential amount of earnings that can be distributed to members.

For a member with a \$50,000 account balance, the total of the Fund expenses incurred against earnings and the administration fee that is deducted from the member account balance, but excluding any insurance premiums, is approximately \$205 per annum.

Contributions Tax

A tax of 15%, which applies to all employer contributions including salary sacrifice member contributions, is debited against that member's account.

Contributions in excess of the member's contributions cap will be taxed at the top marginal rate plus Medicare Levy (currently 46.5%). In such an event you will be notified of your tax liability by the Australian Taxation Office.

TRUSTEE INFORMATION

The Trustee of the CBH Superannuation Fund, CBH Superannuation Holdings Pty Ltd (ACN 008 684 268), is responsible for managing the Fund on behalf of the members in accordance with the Trust Deed and relevant legislation.

The Directors of the Trustee Company are drawn equally from members and the employer, meet regularly and have equal voting rights.

To ensure that neither the employer representatives nor the member representatives can impose their will upon the other, any Trustee resolution requires a 2/3 majority of Directors to be passed.

Two Alternate Directors are appointed (one for members and one for the employer) to act in the place a relevant Director during their absence. Alternate Directors also attend Trustee Board meetings in a non-voting capacity to assist with succession contingency and to add to Board expertise.

The day to day running of the Fund is undertaken by the Fund Secretary, reporting to, and acting in accordance with the instructions of the Trustee.

As the Trustee does not hold an Australian Financial Services licence neither the Trustee Directors nor the Fund Secretary may provide any financial advice to members.

All Fund assets are held in the Trustee's name and consequently, with no investments associated with the employer, the assets supporting member benefits are secure against any employer action including takeover or financial failure.

Appointment and Removal of Member Representatives

The role of the member representatives on the Trustee Board is to safeguard the interests of the general membership and benefit recipients.

Member representatives are elected for a 5-year term by a ballot of members.

A member representative may be removed from office in the following circumstances:

- Expiry of term of office;
- Retiring from office by giving written notice;
- Ceasing to be a Fund member;
- Removal by resolution passed at a meeting of members;
- Death;
- Failure to satisfy the Trustee's "Fit & Proper" standards; or
- Becoming a disqualified person or disqualified by law.

The process for appointing member representatives to the Trustee is an election held by secret ballot of members. All candidates must satisfy the eligibility requirements of the Trustee as provided for in the Fund's "Fit and Proper" Policy to ensure that Trustee Directors have the appropriate propriety, skills and knowledge to manage other people's money in a superannuation environment.

Casual Trustee Director vacancies may remain unfilled, or may be filled by a nominee of the Trustee, provided the period of the vacancy does not exceed the 90-day limit.

Appointment and Removal of Employer Directors

The employer Directors are selected by Co-operative Bulk Handling Limited and may be removed from the Trustee at any time by the employer.

They may also be removed by the Trustee Board should they become a “disqualified person” under law or otherwise fail to satisfy the Trustee’s “Fit & Proper” Policy standards.

Fund “Fit & Proper” Governance

The Trustee has adopted a Fit & Proper Policy that sets out the minimum standards of competency and probity to be met by Trustee Directors and the Fund Secretary to ensure that the Fund is managed in an honest and competent manner.

Any person seeking to hold office with the Fund will have to demonstrate that they have the integrity and skills to do so. In addition to consenting to bankruptcy and Federal Police checks, all Trustee Directors and the Fund Secretary are required to undertake training courses necessary to develop or maintain their skills and knowledge to the level that members would expect for managing a superannuation Fund. They must also attend industry seminars and conferences as reasonably required.

Trustee Remuneration

All the Directors of the Fund Trustee are either employees or Directors of the CBH Group and receive no remuneration from the Fund for their services.

Trustee Indemnity Insurance

The CBH Superannuation Fund, its Trustee and Directors and Officers of the Trustee are covered by liability insurance underwritten by QBE Insurance. This protects against claims and legal action arising from the management and operation of the Fund and is limited to \$10 million for any one claim and \$20 million in the aggregate.

Trust Deed Changes

The Trust Deed is the governing document for the Fund. It sets out the entitlements of Fund members and states the powers, obligations and duties of the Trustee.

The Trust Deed was amended during the year to enable members who have been employed with the CBH Group for a continuous period of at least 7 years to remain in the Fund after employment termination by applying for Retained Membership.

When making changes to the Trust Deed, the Trustee must act in the best interest of members and no amendment can be made without the agreement of Co-operative Bulk Handling Limited.

Actuarial Investigation

Although all members have accumulation accounts, the Fund is still classified as a defined benefit fund and total assets are not aligned fully with member benefit liabilities. Consequently there is a legal requirement for the Fund to undergo actuarial reviews every three years to confirm its viability. The next review is currently being undertaken based upon the financial position as at 31 October 2009.

Registrable Superannuation Entity Licensing & Fund Compliance

The CBH Superannuation Fund is registered as a regulated corporate superannuation fund and the Trustee is licensed by APRA to manage the Fund.

The Trustee is committed to retaining its license and is not aware of any matter that would cause the Fund to lose its complying status.

ABRIDGED FINANCIAL STATEMENTS

The following is a summary of the CBH Superannuation Fund's accounts for the year ended 31 October 2009.

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 October 2009

	2009	2008
	\$	\$
Investment Revenue		
Interest	1,458,883	2,692,153
Dividends	3,034,580	3,795,684
Trust distributions	578,018	986,053
Gross rental income	1,755,526	1,733,997
Changes in net market value	7,798,350	(38,474,942)
Direct investment expenses	(167,041)	(105,685)
	14,458,316	(29,372,740)
Contributions Revenue		
Employer contributions	8,763	8,018
Members' contributions	231,358	293,619
Transfers In	775,796	1,192,965
	1,015,917	1,494,602
Other Revenue	125,268	-
Total Revenue	15,599,501	(27,878,138)
Less:		
General Administration Expenses	190,866	204,391
Group Life and Salary Continuance Premiums	157,051	156,833
Contribution Surcharge	4,486	(8,019)
Benefits Paid	7,596,362	14,857,694
Total Expenses from Ordinary Activities	7,948,765	15,210,899
Changes in Net Assets before Income Tax	7,650,736	(43,089,037)
Income Tax expense/(benefit)	687,123	(3,921,977)
Change In Net Assets after Tax	6,963,613	(39,167,060)
Net assets available to pay benefits at beginning of year	122,586,021	161,753,081
Net assets available to pay benefits at end of year	129,549,634	122,586,021

STATEMENT OF NET ASSETS

as at 31 October 2009

	2009	2008
	\$	\$
Investments		
Interest Bearing Deposits	26,256,036	29,014,364
Unsecured Notes & Preference Shares	14,230,693	9,409,335
Pooled Superannuation Trusts	2,944,696	2,696,527
Unit Trusts	3,185,229	4,342,332
Securities in Listed Companies	69,464,032	63,198,170
Direct Property	18,686,460	19,424,085
	134,767,146	128,084,813
Other Assets		
Cash at Bank	202,789	1,736,319
Receivables & Accrued Income	177,874	166,239
Tax Assets	252,676	199,023
	633,339	2,101,581
Total Assets	135,400,485	130,186,394
Less:		
Liabilities		
Benefits Payable	503,006	2,705,020
Creditors and Accrued Expenses	168,106	299,810
Provision for Direct Property Costs	-	20,000
Provision for Deferred Income Tax	5,179,739	4,575,543
Total Liabilities	5,850,851	7,600,373
Net Assets Available to Pay Benefits	129,549,634	122,586,021

Note: Members may request a copy of the audited financial statements by contacting the Fund Secretary.

CONTACTING THE FUND

Enquiries

Any enquiries regarding member benefits or any other aspect of the operation of the Fund should be directed to:

Rob Burns (Fund Secretary)

Telephone 08 9237 9707

Email rob.burns@cbh.com.au.

Post should be addressed to:

The Secretary
CBH Superannuation Fund
GPO Box L886
Perth, WA 6842.

Written enquiries may also be forwarded through the CBH Group's internal mail.

Complaints

The CBH Superannuation Fund responds quickly and sensitively to members' complaints, but if we are unable to help you to your satisfaction you may make a formal complaint in writing to "The Complaints Officer", CBH Superannuation Fund at GPO Box L886, Perth, WA 6842. You can expect a reply within 28 days, although sometimes the maximum period of 90 days may elapse where complicated issues are involved.

In the event that the Complaints Officer is unable to resolve your complaint, it will then be considered by the Trustee acting as Complaints Committee. The Trustee will review your complaint and respond within 90 days.

Superannuation Complaints Tribunal

If you have followed the complaints procedure as set out above and are still not satisfied with the outcome, you may be able to take the matter to the Superannuation Complaints Tribunal; an independent body set up by the Federal Government to help members and beneficiaries to resolve certain types of superannuation disputes.

To find out if they can consider your complaint, you should contact the Superannuation Complaints Tribunal by phoning 1300 780 808 or by viewing their website at www.sct.gov.au.

PRIVACY

Privacy laws regulate the way that the Fund collects, uses, discloses, secures and gives access to the personal information that it obtains from members and employers in the administration 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 Fund membership.

You should contact the Fund Secretary if you require a copy of the Fund's Privacy Policy or to view the information on your superannuation file.

CBH SUPERANNUATION FUND DIRECTORY

Trustee	CBH Superannuation Holdings Pty Ltd
A.B.N.	84 433 159 328
Trustee RSE Licence Number	L0001625
Fund Registration Number	R1005165
Superannuation Fund Number (SFN)	1583 449 42
Location	30 Delhi St, West Perth
Postal Address	GPO Box L886, Perth WA 6842

TRUSTEE DIRECTORS:

Company Appointed	Neil Wandel Imre Mencshelyi (retired on 5 March 2009) Allyn Wasley (appointed 5 March 2009) David Moroney - alternate employer director
Member Elected	Terry Cunningham – Chairman Michael Thorne (retired on 7 April 2009) Val Marshall (appointed on 3 July 2009) Ron Silvestri - alternate member director
Fund Secretary	Rob Burns
Auditors	PricewaterhouseCoopers
Accountant	Sharyn Long Chartered Accountants
Actuary	Kathryn Daniels, Mercer (Australia) Pty Ltd
Group Insurer	MLC Limited
Enquiries - Telephone	08 9237 9707
- Facsimile	08 9322 3942
- email	rob.burns@cbh.com.au

Documents Available from CBH Intranet superannuation site.	Product Disclosure Statement, Annual Report to Members, various forms (including Application for Membership, transfer in, change of details and salary sacrifice forms)
--	---

Documents Available on Request from the Fund Secretary.	Trust Deed & Rules, Audited Financial Statements, APRA Annual Return, Actuarial Review Report, Investment Strategy, Privacy Policy Statement, Fit & Proper Policy, Risk Management Plan, AML/CTF program and various other policies.
---	--

DISCLAIMER

This Annual Report, issued by the Trustee of the CBH Superannuation Fund, is a regulated document that summarises the Fund's performance over the past year.

The Trustee does not guarantee any particular rate of return or return of capital from the CBH Superannuation Fund.

The information contained in this Annual Report does not provide personal financial product advice and does not take into account any member's personal needs, objectives, risk profile or financial position.

You should assess your financial position and personal objectives before making any decision based on this information.