

FOUNDATION PST

RSE NUMBER: R1001136

FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2011

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Foundation PST
Statement of Financial Position
As at 30 June 2011

	Note	2011 \$'000	2010 \$'000
ASSETS			
Investments			
Units in managed investments	13, 14	60,183	55,721
Total Investments		60,183	55,721
Other assets			
Cash at bank	2c, 10a	64	16
Investment Income receivable		3,193	1,192
Receivables	8	11	156
Total Other Assets		3,268	1,364
Total Assets		63,451	57,085
LIABILITIES			
Other payables	9	72	235
Current tax liabilities		(2)	(42)
Deferred tax liabilities		(320)	(152)
Total Liabilities		(250)	41
Net Assets		63,701	57,044
UNITHOLDERS' FUNDS			
Units on Issue	7	63,701	57,044
Total Unitholders' Funds		63,701	57,044

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Foundation PST
Operating Statement
For the period ended 30 June 2011**

	Note	2011 \$'000	2010 \$'000
Revenue			
Investment revenue	3	5,751	5,374
Total Revenue		5,751	5,374
Expenses			
Direct Investment		130	117
General Administration	5	310	312
Total Expenses		440	429
Net Income/(Loss) as a Result of Operations Before Income Tax		5,311	4,945
Income Tax Expense	6	(162)	(116)
Net Income/(Loss) as a Result of Operations		5,473	5,061

The above Operating Statement should be read in conjunction with the accompanying notes.

Foundation PST
Statement of Cash Flows
For the period ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Cash Flows from Operating Activities			
Applications Received		3,656	3,646
Interest received		8	2
Income Tax paid		66	178
General administration expenses and direct expenses		(359)	(329)
Redemptions Paid		(2,608)	(2,200)
Net cash provided by (used in) operating activities	10b	763	1,297
Cash Flows from Investing Activities			
Proceeds from:			
Units in managed investments		10,238	4,183
Purchases:			
Units in managed investments		(10,953)	(5,527)
Net cash (used in) provided by investing activities		(715)	(1,344)
Net increase/(decrease) in Cash Held		48	(47)
Cash at the Beginning of the Financial Year		16	63
Cash at the End of the Financial Year	10a	64	16

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Foundation PST

Notes to the Financial Statements

For the period ended 30 June 2011

Note 1: Nature of the Trust

The Foundation PST (Trust) was established by a Trust Deed that commenced on 8 December 2002.

The Trust is a pooled superannuation trust as defined in Section 10 of the Superannuation Industry (*Supervision*) Act 1993.

Note 2: Statement Of Significant Accounting Policies

Basis of Preparation

This financial statement is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Trust's Trust Deed and relevant legislative requirements.

International Financial Reporting Standards (IFRS) form the basis of Australian Account Standards adopted by the AASB. The financial statement does not comply with IFRSs due to the requirements of AAS 25.

Material accounting policies adopted in the preparation of this financial statement are presented below. They have been consistently applied unless otherwise stated.

The financial statement has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report was authorised for issue on 17 October 2011 by the Trustee.

Accounting Policies

a. Measurement of Assets and Liabilities

Assets of the Trust have been measured at net market values after allowing for costs of realisation. Changes in the net market value of assets are brought to account in the operating statement in the periods in which they occur.

Net market values have been determined as follows:

- i. shares in listed companies, government securities and other fixed interest securities by reference to the relevant market quotations at the reporting date;
- ii. mortgage loans by reference to the outstanding principal of the loans;
- iii. units in managed funds by reference to the unit redemption price at the reporting date;
- iv. insurance policies by reference to an actuarial assessment of the amount receivable from the insurer in respect of the policy; and
- v. property, plant and equipment at trustees' assessment of their realisable value.

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 2: Statement Of Significant Accounting Policies

Financial liabilities, which are all current in nature, are measured at the gross value of the outstanding balance at year-end.

b. Income Tax Expense

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit of loss is the tax payable on taxable income calculated using applicable income tax rates as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, when there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future tax profit will be available against which the benefits of the deferred tax asset can be utilised.

c. Cash and Cash Equivalents

For the purposes of the statement of cash flow statement, cash and cash equivalents includes cash on hand and at call deposits with banks, and short term, highly liquid investments that are readily convertible to cash and are subject to an insignificant risk of changes in value.

d. Revenue

Revenue is recognised at the fair value of the consideration received or receivable.

Interest revenue from the Trust's operating bank account is recognised when received.

Dividend revenue is recognised when the Trust has established that it has a right to receive a dividend.

Managed investment distributions are recognised as income when advice is received. If not received at reporting date are reflected in the statement of financial position as a receivable while units in managed investments are valued on an ex-distribution redemption price.

All revenue received arises from the operating activities of the Trust.

e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 2: Statement Of Significant Accounting Policies

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

f. Rounding

The Trust has applied the requirements of Class Order 98/100 issued by the Australian Securities & Investment Commission in the preparation and presentation of amounts in the financial statements and notes to the financial statements. Accordingly, amounts have been rounded off to the nearest one thousand dollars unless otherwise stated.

g. Critical Accounting Estimates and Judgments

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

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

h. New Accounting Standards for Application in Future Periods

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Trust has decided not to early adopt. A discussion of those future requirements and their impact on the Trust is as follows:

AASB 9: Financial Instruments [December 2010] (Applicable for annual reporting periods commencing on or after January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Trust has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 2: Statement Of Significant Accounting Policies

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Trust.

AASB 1053: Application Of Tiers Of Australian Accounting Standards And AASB 2010-2: Amendments To Australian Accounting Standards Arising From Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Subject to AASB 1049, general government sectors of the Australian Government and state and territory governments would also apply Tier 1 reporting requirements.

- ~~for-profit private sector entities that do not have public accountability;~~
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and state, territory or local governments.

Foundation PST Notes to the Financial Statements For the period ended 30 June 2011

Note 2: Statement Of Significant Accounting Policies

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Trust.

AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Trust.

AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entities first Australian-Accounting-Standards financial statements;
- AASB 7 is amended to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entities exposure to risks arising from financial instruments;
- AASB 101 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- AASB 34 is amended by adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- Sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Trust.

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Notes to the Financial Statements
For the period ended 30 June 2011

Note 2: Statement Of Significant Accounting Policies

AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010-6: Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact on the Trust.

AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

The Trust has not yet determined any potential impact on the financial statements.

AASB 2010-8: Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012). This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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Notes to the Financial Statements
For the period ended 30 June 2011**

Note 2: Statement Of Significant Accounting Policies

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112. The amendments are not expected to impact on the Trust.

AASB 2010-9: Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard provide relief for first-time adopters of Australian-Accounting-Standards from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Trust.

AASB 2010-10: Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7.]

This Standard is not expected to impact the Trust.

Note 3: Investment Revenue	Note	2011 \$'000	2010 \$'000
Investments			
Interest		8	3
Trust distributions		6,773	4,519
Changes in net market value	4	(1,030)	852
		5,751	5,374

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Notes to the Financial Statements
For the period ended 30 June 2011

Note 4: Movement in Net Market Values	Note	2011 \$'000	2010 \$'000
Investments			
Unrealised investments held at reporting date:			
Units in managed investments		(2,199)	(1,406)
Investments realised:			
Units in managed investments		1,169	2,258
		<u>(1,030)</u>	<u>852</u>
Note 5: General Administration Expenses	Note	2011 \$	2010 \$
Trustee expenses		62,513	57,909
Management expenses		233,799	231,409
Remuneration of auditor:			
Audit of the financial statements of the Trust		13,200	13,200
Other general administration expenses		916	9,358
		<u>310,428</u>	<u>311,876</u>
Note 6: Income Tax Expense	Note	2011 \$'000	2010 \$'000
a. The components of tax expense comprise:			
Current tax		6	(31)
Deferred tax	18	(168)	(85)
		<u>(162)</u>	<u>(116)</u>
b. The prima facie tax on benefits accrued before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on benefits accrued before income tax at 15%		797	741
Add:			
Tax effect of:			
imputation credits		38	28
foreign tax credits		6	4
		<u>44</u>	<u>32</u>
Less:			
Tax effect of:			
exempt income		300	189
non-taxable realised and unrealised gains		33	238
non taxable income		367	225
		<u>700</u>	<u>652</u>

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Notes to the Financial Statements
For the period ended 30 June 2011

Note 6: Income Tax Expense	Note	2011 \$'000	2010 \$'000
Less credits			
imputation credits		251	188
foreign tax credits		52	49
		303	237
Income tax expense		(162)	(116)

Note 7: Unitholders' Funds

Changes in the unitholders' funds			
Unitholders' funds at beginning of period		57,044	50,723
Add Applications		14,481	7,323
Add Net Income/(Loss) as a Result of Operations		5,473	5,061
Less Redemptions		13,297	6,063
Unitholders' funds at end of financial period		63,701	57,044

The difference between applications received and redemptions paid as disclosed in the statement of cash flows is a result of internal investment strategy switches by unitholders. The value of internal switches by unitholders was \$10,825,156.

Note 8: Receivables	Note	2011 \$'000	2010 \$'000
Sundry Due – Investment Proceeds		0	146
GST Refund Receivable (RITC)		11	10
		11	156

Note 9: Creditors and accruals

Trustee expenses payable		6	6
Management expenses payable		22	24
Investment expenses payable		9	10
Other expenses payable		35	63
Redemptions payable		0	132
		72	235

Note 10: Cash Flow Information

a. **Reconciliation of Cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at Bank	64	16
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**Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011**

b. Reconciliation of Cash Flow from Operations to Net Income/(Loss) as a Result of Operations

	Note	2011 \$'000	2010 \$'000
Net Income/(Loss) as a result of operations		5,473	5,061
(Increase)/Decrease in income entitlement on managed investments reinvested		(4,771)	(3,732)
Direct Investment Expenses		130	117
Applications Received		3,656	3,646
Redemptions Paid		(2,608)	(2,200)
(Increase) / Decrease in investment income receivable		(2,001)	(730)
Increase / (Decrease) in income taxes payable		40	106
Increase/ (Decrease) in deferred taxes payable		(168)	(84)
(Increase) / Decrease in other receivables		145	10
Increase / (Decrease) in creditors and accruals		(163)	(44)
Changes in net market value		1,030	(853)
Net cash provided by (used in) Operating Activities		<u>763</u>	<u>1,297</u>

c. The Trust has no credit standby arrangements or loan facilities.
(2010: Nil)

Note 11: Segment Reporting

The superannuation Trust operates in one business and geographical segment, being the provision of superannuation benefits for members in Australia.

Note 12: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a. Trustee Company

The Trust Company (Superannuation) Limited (ABN 49 006 421 638; AFSL 235153; Trustee-licence-number L0000635) is the Trustee of the Trust.

The Trustee is a wholly owned and controlled entity of The Trust Company Limited (ABN 59 004 027 749).

b. Trustee

The names of the directors of the trustee company who held office during the year are:

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Notes to the Financial Statements
For the period ended 30 June 2011

Note 12: Related Party Transactions

BOARD OF DIRECTORS

John ATKIN (Chairman)	(Appointed 1 September 2010)
Noel Albert DAVIS	(Appointed 1 September 2005)
Luigi Mario RODRIQUEZ	(Appointed 30 July 1998)
David Roko GRBIN	(Resigned 1 September 2010, Reappointed 23 March 2011)

SECRETARIES

Nicholas SETTE	(Appointed 29 November 2006)
Sally ASCROFT	(Appointed 15 December 2010)

FORMER DIRECTORS

Vicki Lee ALLEN	(Appointed 28 March 2007, Resigned 23 March 2011)
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c. Reimbursable Capital Costs

Under the provisions of the Trust Deed, the Trust reimburses the Trustee and/or Manager for costs incurred by the Trustee on behalf of the Trust. These costs include those reasonably and properly incurred in the administration of the Trust as well as costs associated with the development of the Trust and the issuing of Product Disclosure Statement.

Note 13: Financial Risk Management

The Trust's assets principally consist of financial instruments which comprise units in collective investment vehicles such as unit trusts and other unitised investments. The Trustee has determined that investing via these types of instruments is appropriate for the Trust.

The main purpose of these financial instruments is to achieve the Trust's investment objectives outlined in the Trust's investment strategy.

Financial Risk Management Policies

The trustee controls the capital of the Trust to ensure that adequate cash flows are generated to meet financial liabilities and that returns from investments are maximised. The trustee ensures that the overall risk management strategy is in line with this objective.

~~The Trust's capital consists of financial liabilities, including liabilities accrued to unitholders of the Trust.~~

The trustee effectively manages the Trust's capital by assessing the Trust's financial risks and responding to changes in these risks and in the market.

There have been no changes in the strategy adopted by the trustee to control the capital of the Trust since the prior year. The Trust is not able to borrow under legislative requirements. The Trust ensures that sufficient cash is at hand to meet financial obligations as they arise.

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 13: Financial Risk Management

Specific Financial Risk Exposures and Management

The Trust's investing activities expose it to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

These risks are described more fully on the following pages. Set out below is a general description of how investment risk is managed by the Trustee.

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

The Board of Directors of the Trustee has overall responsibility for the establishment and oversight of the Trust's risk management framework. The Trustee's Audit, Compliance and Risk Management Committee oversees how management monitors compliance with the Trust's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust. The Trustee's risk management policies are established to identify and analyse the risks faced by the Trust (including the investment risks managed by the Trust's Investment Committee), to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

The allocation of the investments of the Trust to the various types of asset classes is determined by the Trust's Investment Committee in consultation with its appointed investment consultant. Once allocated, they are invested in accordance with the Trust's published investment strategies for the various investment options available to unitholders.

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

An external investment consultant is appointed to provide expert advice to the Trustee Board regarding the management of the Trust's investment portfolio in accordance with the various investment strategies for the Trust's various investment options. The Trustee Board, in consultation with the appointed investment consultant, undertakes extensive due diligence to ensure the appointed fund managers have the requisite skills and expertise. Investments are monitored on a weekly basis through evaluation of prevailing market conditions and benchmark analysis. Lambda Investment Solutions Pty Ltd was the appointed investment consultant in December 2002.

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 13: Financial Risk Management

The Investment Committee receives quarterly risk management reports from the Trust's Manager and, in turn, reports quarterly to the Board of Directors of the Trustee on its activities. Divergence from target asset allocations and the composition of the portfolio is monitored by the Trust's Manager on a weekly basis. Reports from the Trust's Manager include the following:

- details of the controls in place to monitor compliance with the Trust's various investment strategies;
- current asset allocations against target positions;
- investment performance against benchmarks; and
- fund manager compliance reporting

Set out below is a more detailed description of the components of the investment risks faced by the Trust (i.e. Market, Credit and Liquidity risk), how the Trustee manages these risks and the sensitivities of the Trust's investments to these components of investment risk.

Market risk

Market risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument (or its issuer) or factors affecting all instruments in the market. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust has exposure to currency risk through its investments in Australian domiciled registered funds that invest in international equities and bonds. The Trust's exposures to currency risk at 30 June 2011 was comprised as follows:

	2011	2010
	\$'000	\$'000
International Equities		
- held in Australian currency denominated collective investment vehicles	5,223	4,833

The currency risk disclosures have not been prepared on a look-through basis for investments held indirectly through collective investment vehicles. Consequently, the disclosure of currency risk in this note does not represent a comprehensive currency risk profile of the Trust. The potential effects of such movements are included in the sensitivity analysis under "other market price risk".

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The majority of the Trust's financial instruments are non-interest bearing with only cash and

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 13: Financial Risk Management

cash equivalents and short term deposits being directly subject to interest rate risk. As a result, the Trust is subject to limited direct exposure to interest rate fluctuations in prevailing levels of market interest rates. The Trust is indirectly exposed to fluctuations in market interest rates through its investments in collective investment vehicles, which invest in a variety of short and long term interest bearing securities.

The interest rate risk disclosures have not been prepared on a look through basis for investments held indirectly through collective investment vehicles. Consequently, the disclosure of interest rate risk in this note does not represent a comprehensive interest rate risk profile of the Trust.

The Trust's interest rate risk is monitored on a weekly basis by the Manager in accordance with the policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

Currently, cash at bank is held through the Macquarie Cash Management Trust, which has a AAAM rating from Standard & Poor's. The rating of the Macquarie Cash Management Trust is reviewed by the Investment Committee on a quarterly basis. Any changes in banking arrangements requires the approval of the Trustee Board.

At the reporting date the profile of the Trust's interest-bearing and non-interest bearing financial instruments was:

30 June 2011

	Interest bearing	Non-interest bearing	Total
Assets			
Cash at bank	64	-	64
Investment Income Receivable	-	3,193	3,193
Receivables	-	11	11
Units in managed investments	-	60,183	60,183
	<u>64</u>	<u>63,387</u>	<u>63,451</u>
Liabilities			
Other Payables	-	72	72
Current tax liabilities	-	(322)	(322)
	<u>-</u>	<u>(250)</u>	<u>(250)</u>

30 June 2010

	Interest bearing	Non-interest bearing	Total
Assets			
Cash at bank	16	-	16
Investment Income Receivable	-	1,192	1,192
Receivables	-	156	156
Units in managed investments	-	55,721	55,721
	<u>16</u>	<u>57,069</u>	<u>57,085</u>
Liabilities			
Other Payables	-	235	235
Current tax liabilities	-	(194)	(194)
	<u>-</u>	<u>41</u>	<u>41</u>

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 13: Financial Risk Management

Sensitivity Analysis-Interest Rate Risk

Following analysis of historical data over the past 5 years and expected interest rate movement during the 2012 financial year together with consultation with the investment consultant, the Trust anticipates 100 basis point movement in interest rates is reasonably possible for the 2011/12 reporting period. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010 and is not guaranteed.

An increase/decrease of 100 basis points in interest rates at the reporting date would have increased/decreased the Change for the year in net assets available to pay benefits and Net assets available to pay benefits by the amounts shown below:

	Carrying Amount	Benefits Accrued as a result of operations before income tax		Statement of Financial Position	
		-100bps	+100bps	-100bps	+100bps
30 June 2011					
Cash	64	(1)	1	(1)	1
	<u>64</u>	<u>(1)</u>	<u>1</u>	<u>(1)</u>	<u>1</u>
30 June 2010					
Cash	16	0	0	0	0
	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Other market price risk

Other market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As all of the Trust's financial instruments are carried at net market value with changes recognised in the Operating Statement, changes in market conditions affecting net market value will be recognised in the Operating Statement. As the investments of the Trust (other than cash held for liquidity purposes) comprise units in collective investment vehicles, the Trust's exposure to other market risk is therefore limited to the market price movement of these investments. The Trust's exposure at year end to other market price is detailed below.

Sensitivity Analysis- Other market price risk

In consultation with the investment consultant, the Trust considers the following movements in other market price risk are reasonably possible for the 2011/12 reporting period:

Listed and unlisted Fixed Income Trusts	10%
Australian equities	10%
International equities	10%
Listed and unlisted Property Trusts	10%
Units in managed investments	10%

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 13: Financial Risk Management

The increase/decrease in the market price against the investments of the Trust at 30 June would have increased/(decreased) the Benefits accrued as a result of operations before tax by the amounts shown below. The analysis assumes that all other variables, in particular, interest rates and foreign exchange rates remain constant. The analysis is performed on the same basis for 2010 and is not guaranteed.

	%	Carrying Amount	Benefits Accrued as a result of operations before income tax	Statement of Financial Position		
30 June 2011						
Listed and unlisted Fixed Income						
Trusts	10	12,405	(1,241)	1,241	(1,241)	1,241
Australian equities	10	13,782	(1,378)	1,378	(1,378)	1,378
International equities	10	11,282	(1,128)	1,128	(1,128)	1,128
Listed and unlisted Property Trusts	10	2,915	(292)	292	(292)	292
Units in managed investments	10	19,799	(1,980)	1,980	(1,980)	1,980
		60,183	(6,019)	6,019	(6,019)	6,019
30 June 2010						
Listed and unlisted Fixed Income						
Trusts	10	10,612	(1,061)	1,061	(1,061)	1,061
Australian equities	10	12,932	(1,293)	1,293	(1,293)	1,293
International equities	10	10,864	(1,086)	1,086	(1,086)	1,086
Listed and unlisted Property Trusts	10	2,758	(276)	276	(276)	276
Units in managed investments	10	18,555	(1,855)	1,855	(1,855)	1,855
		55,721	(5,571)	5,571	(5,571)	5,571

Credit Risk

Credit Risk is the risk that a counterparty to a financial instrument will cause a loss to the other party by failing to discharge an obligation. The Trust has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis by the Manager. The credit policy provides guidelines as to the appropriate terms and conditions of transactions entered into and the escalation procedures to follow when the recovery of assets is considered doubtful.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. No collateral is held as security nor do other credit enhancements exist for financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Trust does not have any significant exposure to any individual counterparty or industry.

Substantially all of the cash held by the Trust is held in the Macquarie Cash Management Trust. The Trust monitors its credit risk by monitoring the credit quality and financial positions of the bank through regular analysis of their financial reports.

For investment in listed Australian equities credit risk arising on these investments is mitigated by monitoring that managers transact predominantly with reputable brokers on recognised exchanges.

Credit risk arising from other collective investments is mitigated by extensive due diligence prior to the appointment of Investment and Fund Managers, and benchmark analysis of the Investment and Fund Managers appointed.

Credit risk associated with contributions receivable and other receivables is considered low as

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 13: Financial Risk Management

there is usually a short settlement period as the receivable relates to timing differences in respect of the receipt of contributions from the employer sponsors. The Trust monitors the ageing of unsettled trades on a monthly basis to ensure receivables do not exceed 30 days.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as and when they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

The Trust's Trust Deed and Product Disclosure Statement provides for the weekly withdrawal of benefits and it is therefore exposed to the liquidity risk of meeting unitholders' withdrawals on a weekly basis.

The Trust's liquidity risk is managed on a weekly basis by the Manager in accordance with policies and procedures in place and the Trust's Investment Strategy. The Trust's overall liquidity risks are monitored on a quarterly basis by the Trustee. The following are in contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying Amount	Contractual cash flows	Less than 1 month	1-6 months	Over 1 Year
30 June 2011					
Benefits payables	-	-	-	-	-
Other payables	72	72	-	-	-
Income tax payable	-	-	-	-	-
Unitholders' funds	63,701	-	61,221	-	2,480
	63,773	72	61,221	0	2,480
30 June 2010					
Benefits payables	132	132	-	-	-
Other payables	103	103	-	-	-
Income tax payable	-	-	-	-	-
Unitholders' funds	57,044	-	52,150	-	4,894
	57,279	235	52,150	0	4,894

Collateral

The Trust has not pledged any collateral as security for liabilities or contingent liabilities. The Trust does not hold any collateral to secure amounts receivable, nor has the Trust taken possession of any previously held collateral.

Impairment

Due to the nature of the Trust's financial assets and those assets being carried at market value, no impairment losses were recognised during the current or prior reporting period, and no interest was charged.

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 13: Financial Risk Management

Defaults and breaches

The Trust has no external borrowings and as such has not breached any loan agreements, nor was the Trust in default of any loans payable.

Estimation of fair values

The Trust's financial assets and liabilities included in the Statement of Financial Position are carried at net market value which the directors believe approximate fair value. The major methods and assumptions used in determining net market value of financial instruments were disclosed in note 2 of the Significant accounting policies section.

Note 14: Managed Investments

2011
\$'000 **2010**
\$'000

Details of the Trust's investments in managed investments are as follows:

AMP Capital Balanced Growth Fund	1,675	1,520
AMP Capital Enhanced Yield Fund	2,480	4,894
Total AMP Capital	4,155	6,414
MFS Global Equity Trust	1,654	1,836
MFS Hedged Global Equity Trust	1,971	1,486
Total MFS	3,625	3,322
PM Capital Enhanced Yield Fund	2,875	1,934
Total PM Capital	2,875	1,934
Queensland Investment Corporation (QIC)		
QIC Active Large Companies Fund	2,097	2,284
QIC Active Small Companies Fund	0	184
QIC Australian Equities Fund	0	2,627
QIC Cash Enhanced Fund	1,660	1,064
QIC Diversified Fixed Interest Fund	2,799	1,806
QIC GFI Alpha Fund	13,752	11,920
QIC Global Listed Real Estate Fund	584	504
QIC Growth Fund	1,766	2,528
QIC Hedged International Equities Fund	2,270	4,546
QIC Implemented Australian Equities Fund	4,843	3,042
QIC International Share Fund	1,271	1,656
QIC Stable Fund	455	384

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 14: Managed Investments	2011	2010
	\$'000	\$'000
Total QIC	31,497	32,545
Schroder Credit Securities Fund	2,591	0
Total Schroder	2,591	0
Tyndall Australian Share Wholesale Portfolio	2,058	1,862
Total Tyndall	2,058	1,862
 UBS Global Asset Management (Australia) Ltd (UBS)		
UBS Australian Share Fund	3,448	2,932
UBS Balanced Fund	2,151	2,203
UBS Diversified Credit Income Fund	0	914
UBS Global Property Securities Fund	847	822
UBS HALO Australian Share Fund	1,336	0
UBS International Share Fund	1,433	1,341
UBS Property Securities Fund	630	633
Total UBS	9,845	8,845
Vanguard International Property Securities Index Fund	855	799
Total Vanguard	855	799
Zurich Investments Unhedged Global Thematic Share Fund	864	0
Zurich Investments Hedged Global Thematic Share Fund	1,818	0
Total Zurich Investments	2,682	0
	60,183	55,721

Note 15: Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of these financial statements any item, transaction or event of a material nature likely, in the opinion of the directors of the Trust, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in subsequent financial years.

Foundation PST
Notes to the Financial Statements
For the period ended 30 June 2011

Note 16: Tax	Note	2011 \$'000	2010 \$'000
a. Liabilities			
CURRENT			
Income tax		(2)	(42)
		<hr/>	<hr/>
Deferred tax liability comprises:			
Investments		(320)	(152)
Total		(320)	(152)
		<hr/>	<hr/>
b. Reconciliations			
i. Gross Movements			
The overall movement in the deferred tax account is as follows:			
Opening balance		(152)	(67)
Charge/(credit) to income statement	6	(168)	(85)
Closing balance		(320)	(152)
		<hr/>	<hr/>
ii. Deferred Tax Liability			
The movement in deferred tax liability for each temporary difference during the year is as follows:			
Investments			
At 1 July		(152)	(67)
Charged to the income statement		(168)	(85)
At 30 June		(320)	(152)
		<hr/>	<hr/>

Foundation PST Trustees' Declaration

The directors of The Trust Company (Superannuation) Limited being the Trustee of the Foundation PST (Trust) declare that:


- i. the financial statements and notes to the financial statements, as set out on pages 1 to 23, present fairly the financial position of the Trust as at 30 June 2011, and the results of its operations for the year then ended;
- ii. the financial statements and notes to the financial statements have been prepared in accordance with applicable Australian Accounting Standards, other mandatory reporting requirements and the provision of the Trust Deed dated 27 April 2005, as amended; and
- iii. the operation of the Trust has been carried out in accordance with its Trust Deed dated 27 April 2005, as amended, and in compliance with:
 - a. the *Superannuation Industry (Supervision) Act 1993* and Regulations;
 - b. applicable sections of the *Corporations Act 2001* and Regulations;
 - c. the requirements under s 13 of the *Financial Sector (Collection of Data) Act 2001*; and
 - d. the guidelines issued by the Australia Prudential Regulation Authority on derivative risk statements for superannuation entities investing in derivatives;

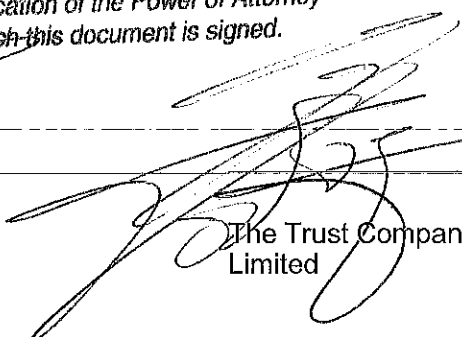
during the year ended 30 June 2011.

This declaration is made in accordance with a resolution of the trustee:

**THE TRUST COMPANY (SUPERANNUATION)
LIMITED ABN 49 006 421 638**

*By its Attorneys who declare that they have no
notice of revocation of the Power of Attorney
under which this document is signed.*


The Trust Company (Superannuation)
Limited


The Trust Company (Superannuation)
Limited

Dated this

19TH

day of

OCTOBER

2011

Foundation PST A.B.N. 23 174 629 885

Report by the Independent Approved Auditor to the Trustee and Members

Financial Statements

DIRECTORS
Linda E. Timms
Anthony C. Bryen
Geoffrey J. Read

I have audited the financial statements of Foundation PST for the year ended 30 June 2011:

- a) comprising the Statement of Financial Position, Operating Statement, Statement of Cash Flows, Notes to the Financial Statements and Trustee's Declaration;
- b) as set out on pages 1 to 24 attached.

ASSOCIATES
Sara J. Crevillén
James P. Theologidis
Susan J. Mortimer

Trustee's Responsibility for the Financial Statements

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the SIS Act and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustees and members of Foundation PST.

My audit has been conducted in accordance with Australian Auditing Standards. These standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Opinion

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Foundation PST as at 30 June 2011 and the results of its operations and its cash flows for the year ended 30 June 2011.

A handwritten signature in black ink, appearing to read "Sothertons".

Sothertons - Brisbane Partnership

A handwritten signature in black ink, appearing to read "A C Bryen".

**A C Bryen
Partner**

Dated at Brisbane this twenty-first day of October 2011