



COAL INDUSTRY SUPERANNUATION FUND

REPORT TO MEMBERS YEAR ENDED 30 JUNE 2007

Warning:

The information contained in this publication is general in nature and does not take into account any individual's particular objectives, financial situation or needs. Because of this, you should see appropriate financial advice before acting on this information. For more detailed information on the Fund, please refer to the Fund's Product Disclosure Statement

ABN 75 305 378 553 AFS Licence 255844

RSE Licence L0001212 RSE Registration No. R1004281

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FUND FACTS

MEMBERSHIP

	2006/07	2005/06
Current members	594	658
Retained Members	327	257
Accum. Only members	12	2
Members on Hold	1	0
Total	934	917

BENEFITS PAID

	2006/07		2005/06	
	No.	\$	No.	\$
Total	81	7,480,363	58	3,860,217

Contributions

The weekly rate of contributions payable by members and employers was 3% and 8.5% of the Benchmark Amount which was \$45,181 until 30 June 2007 when it was indexed by 3.5% to \$46,762 in line with Average Weekly Ordinary Time Earnings (AWOTE) on advice from the Actuary.

New contributions are \$53.95 p/f member and \$152.87 p/f employer. All employer contributions required to be contributed have been received.

Contributions paid into the Fund during the year were:

	2006/07	2005/06
	\$	\$
Member	2,187,707	886,1392
Salary Sacrifice	3,163,675	2,538,9329
Employer / Award	4,476,474	3,924,4878
Transfers In	1,823,751	975,4471
Total Contributions	11,651,607	8,325,005

WHO RUNS THE FUND

The Board has equal representation of employer and employee trustees.

It consists of five members and an Administration Manager.

Two employer representatives are nominated by the companies, two employee representatives are elected by the members and a Chairperson is appointed by the Governor.

As at 30 June 2007 the members of the Board were:

INDEPENDENT CHAIRPERSON:

Ms B Whittle

EMPLOYER NOMINATED MEMBERS:

Mr I Pigott
Manager Business Performance
Griffin Coal Mining Company Pty Ltd

Mr S Reynolds
Human Resources Manager
Wesfarmers Premier Coal Ltd

EMPLOYEE ELECTED MEMBERS:

Mr G N Wood
Secretary, CFMEU Mining and Energy Division WA

Mr G Della
Griffin Coal Mining Company Pty Ltd

Mr G Faries (Alternate Member)
Wesfarmers Premier Coal Ltd

ADMINISTRATION MANAGER:

Mr G E Peirce

FUND CONTACTS / ADVISERS

To help manage the Fund the Board is assisted by a range of professional advisers. These include:

Accounting & Taxation
Sharyn Long - Chartered Accountants

Actuarial and Investment Advice
PricewaterhouseCoopers - Actuaries & Consultants.

Life Office Insurer
CommInsure

Trustee Liability Insurer
The Board has a Policy for Indemnity insurance with Vero.

KEY ADVANTAGES OF THE CISF

The Coal Industry Superannuation Fund provides for its members:

- ▶ A defined benefit scheme based on a benchmark amount for all members.
- ▶ Cost to the member is 3% of the benchmark amount.
- ▶ Cost to the employer can range between 7% and 10% of the benchmark amount and is currently set at 8.5%.
- ▶ Administration charges are not directly deducted from members benefits but have been taken into account in the formula calculations for benefit payments by the Actuary.
- ▶ Death and disability cover is included in the benefits at no additional cost (subject to a medical report).
- ▶ Preservation of benefits is available to members.
- ▶ Member Protection is automatically provided in that no member's benefit, including preserved benefits, is diminished by fees.
- ▶ Members may make after tax contributions, salary sacrifice contributions and award contributions to an accumulation account in the Fund.

Members with accumulation only accounts (that is those with no defined benefit) have a fee of \$1 per week deducted from their accounts

- ▶ Account Based Pensions are available at minimal cost to members.
- ▶ Access to Super Member Home Loans
- ▶ Access to MBF Corporate Health Plan



MEMBER ENQUIRIES

Members are able to contact the Administration Manager for enquiries at the Board's Office

242 Rokeby Road Subiaco or on

Telephone: (08) 9388 1840

Facsimile: (08) 9388 3545

Web: www.cisf.com.au

Email: cisb@bigpond.com

Members are also able to make appointments with the Administration Manager in Collie if they wish.



REVIEW OF OPERATIONS

AMENDMENTS TO ACT & REGULATIONS

Amendments to the Regulations to allow contribution splitting were made in 2006/07.

INSURANCE OF MEMBERS

The Board insures with ComInsure to cover itself against Death and Total and Permanent Disablement of members both on and off the job to age 60 years. Insurance premiums for 2006/07 amounted to \$295,393 compared to \$213,002 in 2005/06.

AUDITORS OPINION

The Financial Statements contained in this Report are abridged and unaudited. Complete audited Financial Statements will be included in the Annual Report which will be available by the end of September 2007 when the Auditor's opinion is to hand.

ACTUARIAL REVIEW

A Triennial Actuarial Review of the Fund was undertaken at 30 June 2006.

The benefits of members continues to be based on the benchmark amount at the time of the benefit payment. The benchmark amount is increased each year in line with the annual increase in Average Weekly Ordinary Time Earnings. Over the three year period, the increase in the benchmark amount was an average of 4.8%.

The average investment return for the Fund over the last three years was 15.2% per annum, net of tax and investment expenses. The corresponding smoothed Fund return averaged 13.0% per annum exceeding the increase in salaries over the three years to 30 June 2006 by 8.2% per annum.

The Actuary has advised that the Fund is in a sound financial position, and the benefits of all members remain well secured by the current level of assets. Projections for the next ten years indicate that the Fund is likely to remain in a satisfactory financial position, with the current level of assets, together with the future contributions and investment earnings, being adequate to cover members accruing benefits.

The member's benefits on resignation/retirement (Minimum Vested Benefits) are all well covered by the existing assets, as are the retrenchment benefits. Details of Minimum Vested Benefits are as follows:

VESTED BENEFITS

This ratio measures the extent to which the minimum entitlements of contributing members are covered by the net market value of assets of the Fund. The minimum entitlements are those benefits payable if all members voluntarily resigned or retired, where aged over 55, as at the valuation date.

For the purposes of calculating the vested benefits, the Actuary has assumed that the resignation benefit is to be the cash/transfer resignation benefit.

Before calculating this ratio, the net market value of assets must be reduced by those assets representing the accumulation account liabilities and the accumulation investment fluctuation reserve (that is the accumulation assets).

Net Market Value Assets:	\$126,837,352
less:	
Accumulation Assets	\$37,412,586
leaving:	
Net market value of defined benefit Assets	\$89,424,766
<hr/>	
Vested Benefits for Defined Benefits (Category A and Retained)	\$66,300,482
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Minimum Vested Benefits Ratio:	135%

A ratio of 135% represents a satisfactory level of cover for the Fund's minimum vested benefits. The vested benefits ratio at the last Actuarial Review at 30 June 2003 was 106% and has primarily increased due to strong investment returns.

COMPLIANCE WITH GOVERNMENT STANDARDS

It is the policy of the Board for the Fund to comply with the Commonwealth Government Superannuation Standards which are the Superannuation Industry Supervision Act and Regulations (SIS) and the Board has made an irrevocable election to be a Regulated Superannuation Fund under the SIS legislation.

- ▶ The Fund has also complied with the National Privacy Principals and has introduced a comprehensive policy to comply with the legislation.
- ▶ The Fund introduced a policy to comply with amendments made to the Family Law legislation which took affect on 21 December 2002.
- ▶ The Board was granted a Financial Services Licence to comply with the Financial Services Reform Act on February 25th 2004 ensuring compliance before the required deadline of 11th March 2004
- ▶ The Board was granted a Regulated Superannuation Entity (RSE) licence on the 7th March 2006 ensuring compliance before the deadline of 30 June 2006.

ADDITIONAL INFORMATION

CIS Fund - Product Disclosure Statement

The Product Disclosure Statement (PDS) is the Board's main advisory publication and copies can be obtained from the Board's Office or on the Webpage www.cisf.com.au

Members Newsletter

A Newsletter for members advising of updates and relevant news items is produced and distributed on a regular basis.

CIS Act, Regulations Actuarial Statement and APRA Notices

Copies of the Act, Regulations, Actuarial Statement and APRA Notices are available for inspection at the Coal Industry Superannuation Board's Office.

Annual Report

Fund members are provided with a summarised Annual Report (Report to Members). Copies of the Annual Report containing full audited Financial Statements are available on request from the Board's Office or on the Webpage www.cisf.com.au

Web Site

The CISF website contains general information on the Fund including publications, forms, newsletters, general superannuation information and web links. The website address is www.cisf.com.au

Members Benefit Statements

Members are provided with Benefit Statements annually and upon request.

Member Complaints

Should you ever need to dispute a matter in relation to your superannuation please contact the Administration Manager or one of the Board members. The Board has procedures in place to deal with any query or complaint within 90 days. A complaint will need to be put in writing to the Administration Manager.

External Complaints Tribunal

If you are not satisfied with the handling of your complaint or the Board decision, you may contact the Superannuation Complaints Tribunal.

The Tribunal is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints with Fund Trustees.

The Tribunal may be able to assist you to resolve your complaint but only if you are not satisfied with the response from the Coal Industry Superannuation Board. If the Tribunal accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the Coal Industry Superannuation Board to come to a mutual agreement. If conciliation is unsuccessful, the complaint is referred to the Tribunal for a determination which is binding.

If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, telephone one of the following numbers, for the cost of a local call anywhere in Australia:

Superannuation Complaints Tribunal ☎ 1300 780 808

Australian Prudential Regulation Authority ☎ 1300 131 060

If you require any assistance to make a complaint, please contact the Administration Manager.

HOW THE FUNDS INVESTMENTS ARE MADE

Coal Industry Superannuation Fund Investment Policy

The Investment Policy for the Coal Industry Superannuation Fund has been put in place by the Coal Industry Superannuation Board (CISB) to maximise long term investment returns compatible with a prudent level of risk for comparable funds. In pursuing this policy, the CISB will have regard for risk, diversification, liquidity, liabilities and cash flow.

INVESTMENT OBJECTIVES

Specific objectives are:

1. To achieve a minimum long term rate of return, after taxes and fees, of 2% per annum ahead of growth in the benchmark wage. It was noted that the benchmark wage would move with Average Weekly Ordinary Time Earnings (AWOTE)
2. The required rate of return is the minimum necessary to ensure that the Fund meets its liabilities.
3. The required level of investment return will be measured over 3-year rolling periods. Measurement will commence with effect from 30 June 1995 and will be no less frequently than quarterly.
4. To outperform the average pooled superannuation trust, ignoring all fees and taxes involved in administering and advising the CISB. Measurement will take place on a 3 year rolling basis, commencing 30 June 1995 and will be measured no less frequently than quarterly.

INVESTMENT STRATEGY

1. The strategy is growth orientated.
2. Investment vehicles are pooled superannuation trusts with the addition of, as necessary to achieve benchmark asset allocation, sector specific funds.
3. Notwithstanding the overall intention to use pooled and sector specific funds, the CISB retains the flexibility to invest in alternative specific investments. Such investments would only be made if the CISB considered them to be suitable and provided it had received the appropriate professional advice. In such cases, specific investments could comprise up to 20% of the Fund's assets.

INVESTMENTS AND INVESTMENT MANAGERS

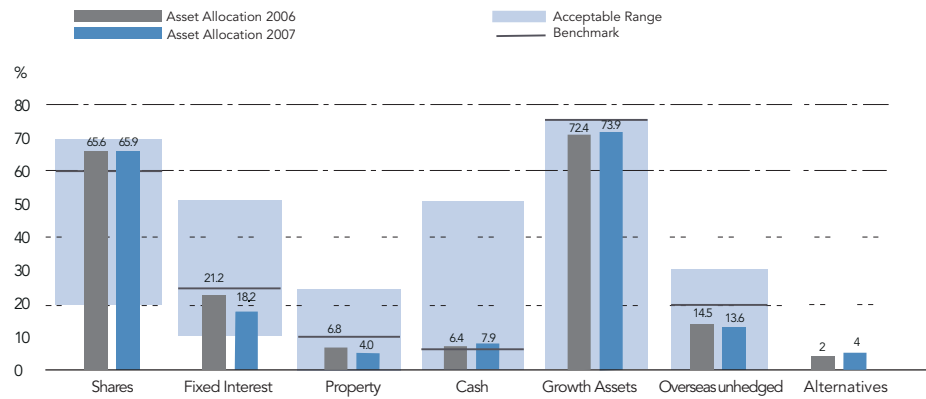
1. The type of investment management preferred is the active approach.
2. Investments will be primarily pooled superannuation trusts. Where deemed appropriate, to bring about a specific portfolio composition within the asset allocation ranges, sector specific investments may be used.
3. Investments will be selected by the CISB from a short list recommended by the investment adviser to the CISB.

Sector specific investments when required can be in any of the major investment sectors as shares, listed property trusts, real property, fixed interest, cash and derivatives, provided asset backed and/or guaranteed.

4. Using derivatives to increase exposure of the portfolio to more than 100% of its value is excluded, as is investment in any fund which uses derivatives in this manner.

ASSET ALLOCATION

The following chart shows the actual asset allocation of the Fund as at 30 June 2007 against the benchmark or neutral position and the acceptable ranges as set out in the Investment Policy Statement.



INVESTMENT PERFORMANCE

Measured to 30 June 2007 comparative performance statistics (% p.a.) for the last five years are as follows:

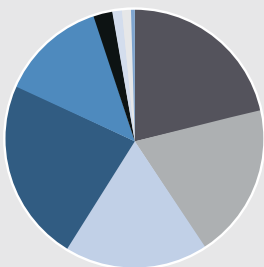
	5 Year Av.	2006/07	2005/06	2004/05	2003/04	2002/03
CISB EARNING RATE	12.0	17.4	16.4	14.6	14.6	-1.7
CISB CREDITING RATE	10.9	17.0	15.0	11.7	11.6	0.0

The rate of interest credited to members accumulation accounts is based on a Minimum Cash Return Method which involves the following:

- ▶ In a year in which the fund earning rate is higher than the return on cash:
- ▶ Crediting Rate = Net cash return + 70% x (Fund return – Net cash return);
- ▶ Provided that this does not result in a reserve greater than, say, 20% of assets – in which case a higher rate would be declared.
- ▶ In a year where the Fund return is less than the return on cash:
- ▶ Crediting Rate = Net cash return
- ▶ Provided the reserves are sufficient to allow it.

For the 2006/07 year the Board of Trustees on advice from the Actuary agreed to vary the crediting rate from the Minimum Cash Return Method of 13.8% due to an increase in accumulation account reserves resulting from good investment returns.

PORTFOLIO 2006/07



Manager	Net Invested Assets
Schroders (Super Fund)	30,878,324
Barclays Global Investors (Balanced Fund)	30,494,437
MLC (Balanced Fund)	30,365,132
Maple Brown Abbott (Pooled Super Trust)	30,068,787
Challenger Professional Investment Management (Direct Equity Portfolio)	23,404,733
Linq Resources (GAF 2) (Invested Capital)	3,911,796
CISB Land and Building	1,862,000
CISB Cash	1,361,034
Members Equity Loans Trust	712,581
TOTAL	153,058,824

FINANCIAL STATEMENTS (ABRIDGED - UNAUDITED)

STATEMENT OF NET ASSETS AS AT 30 JUNE 2007

	2007 \$	2006 \$
ASSETS		
Cash and Cash Equivalents		
Cash on hand	300	300
Cash at bank	797,086	1,500,170
Receivables		
Trust Distributions receivable	252,762	243,135
Sundry receivable	-	7,333
GST receivable	3,073	6,283
Investments		
Pooled Superannuation Trusts	91,441,548	77,539,981
Insurance Policies	30,365,132	25,370,641
Shares in Listed Entities	3,911,796	2,569,749
Units in Unit Trusts	24,117,314	18,575,368
Interest Bearing Investments	563,648	423,555
Land & Buildings	1,862,000	1,416,100
Other Assets		
Prepayments	30,358	14,878
Office equipment & furniture	14,750	7,500
Motor vehicle	30,000	24,000
Deferred tax assets	24,391	21,202
TOTAL ASSETS	153,414,158	127,720,195
LIABILITIES		
Payables		
Benefits payable	-	40,899
Creditors and accruals	222,071	128,115
Provision for employee entitlements	55,162	47,183
Current tax liabilities	508,115	340,159
Deferred tax liabilities	883,101	326,487
TOTAL LIABILITIES	1,668,449	882,843
NET ASSETS AVAILABLE TO PAY BENEFITS	151,745,709	126,837,352

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
INVESTMENT REVENUE		
Interest	99,197	84,145
Trust distributions	1,976,106	3,632,885
Rent received	25,000	18,000
Changes in net market value	20,898,122	14,024,727
Direct investment (expenses)/rebate	168,666	39,651
	23,167,091	17,799,408
CONTRIBUTION REVENUE		
Employer contributions	4,476,474	3,924,487
Salary sacrifice contributions	3,163,675	2,538,932
Member contributions	2,187,707	886,139
Transfers in	1,823,751	975,447
	11,651,607	8,325,005
OTHER REVENUE		
Insurance proceeds	86,176	174,596
Changes in net market value other assets	(13,912)	(16,813)
	72,264	157,783
TOTAL REVENUE	34,890,962	26,282,196
EXPENSES		
General administration expenses	347,312	374,458
Group life premiums	295,393	213,002
Contribution surcharge	14,046	71,046
Benefits paid	7,480,363	3,860,217
	8,137,114	4,518,723
CHANGES IN NET ASSETS BEFORE TAX	26,753,848	21,763,473
INCOME TAX EXPENSE	1,845,491	1,199,810
CHANGES IN NET ASSETS AFTER TAX	24,908,357	20,563,663
NET ASSETS AVAILABLE TO PAY BENEFITS at the beginning of the period	126,837,352	106,273,689
NET ASSETS AVAILABLE TO PAY BENEFITS at the end of the period	151,745,709	126,837,352

Auditors Opinion

The Financial Statements contained in this Report are abridged and unaudited. Complete audited Financial Statements will be included in the Annual Report which will be available by the end of September 2007 when the Auditor's opinion is to hand.