

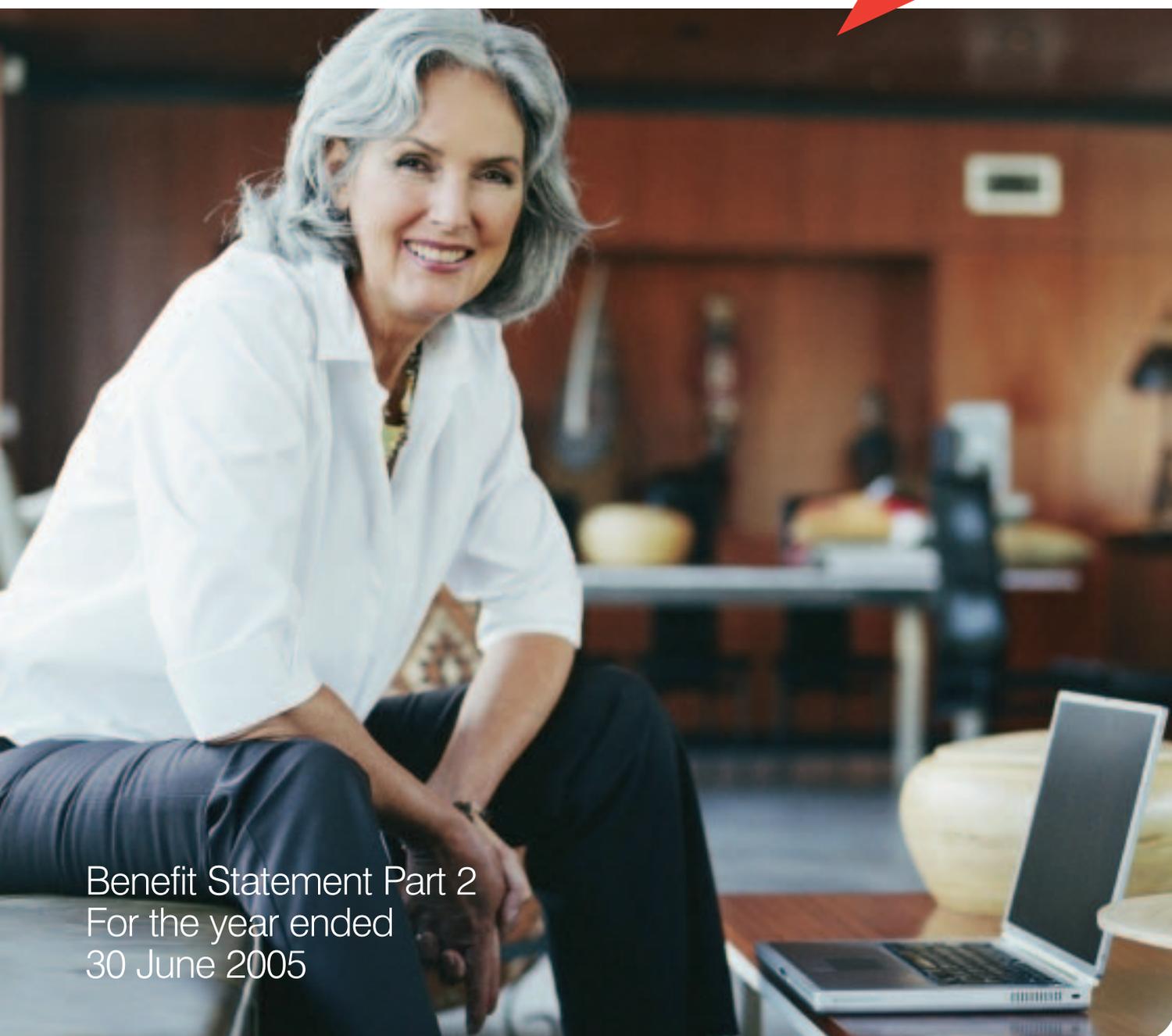
quietly outperforming.

equisuper,

Personal

Annual Report

For Allocated Pension



Benefit Statement Part 2
For the year ended
30 June 2005

Building on growth

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Melbourne, VIC, 3000

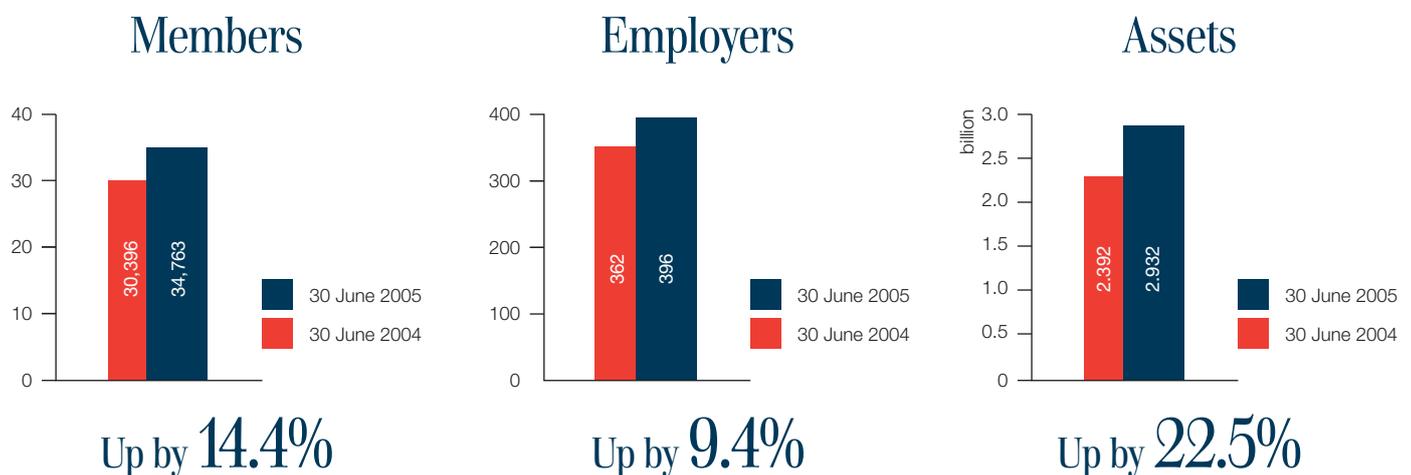
Member contact phone: 1800 682 626

Equipsuper Pty Ltd ("Equipsuper") is the Trustee of the Equipsuper superannuation fund ("the Fund").

Superannuation Product
Identification Number (SPIN): EPL0100AU

This Annual Report for Equipsuper Personal Allocated Pension members forms Part 2 of your benefit statement and contains statutory information about the Fund. This part should therefore only be read in conjunction with Part 1 of your benefit statement. If you do not have a copy of it, please contact our Helpline on 1800 682 626 to obtain one.

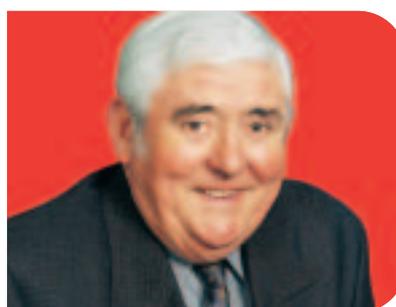
Equipsuper continues to point the way



A rewarding year for members

Chairman's comment

“Thank you to our members and employers”



Choice of Fund was just one of a number of high-profile issues affecting the superannuation industry over the past twelve months but undoubtedly was the most significant, at least in terms of general interest and coverage.

Like most funds, we have been considering many aspects of our operations in the context of this legislation. It is important to ensure that we not only perform well for existing members, but that the Fund remains attractive to others. This will ensure we can continue to grow and pursue the economies of scale and improvements in products and service that this brings.

You are familiar with some of the results of our deliberations. In February 2005, we introduced Equipsuper Personal as a vehicle for developing superannuation and pension products to suit individuals. You can expect to see more activity there in the year ahead.

We changed our administration service provider to CitiStreet and transferred our group insurance to Hannover Life. These have been huge undertakings for the Fund and have required a substantial commitment of staff time and resources.

The transition to Hannover Life is complete and we trust heralds the beginning of a long and constructive relationship that will prove very beneficial to members. The transition to CitiStreet is substantially behind us and we look forward to enhancing our member and employer services and communications supported by CitiStreet's excellent people and technology.

Another important event for Equipsuper was the receipt of an approved trustee licence from the Australian Prudential Regulation Authority (APRA). This means we are now a "public offer" fund, enabling members of the public to join the Fund without requiring an employer sponsor. You can now invite friends and relatives to share in the benefits of belonging to Equipsuper.

While managing these issues and changes has been our primary focus over the past year, our investment team has continued to deliver very solid returns to members in what was a fairly volatile investment market, particularly over the six months to 30 June 2005.

Looking forward, we believe we offer the vital ingredients required to attract and, above all, build whole-of-life relationships with our members. We will constantly monitor our performance against member expectations and the offerings from other funds, enhancing our products and services where necessary to stay at the forefront of the industry.

Finally, as this will be my last annual report to you as Chairman of Equipsuper, I would like to thank my fellow directors during the eleven years that I have been Chairman for their valued contributions and genuine commitment at all times to the best interest of our members. I also thank Equipsuper's employees, many of whom have been associated with the Fund for substantial periods. As a group, they have made their own contribution to the Fund's success and continued development.

But most importantly, I want to thank our members and employers for the many positive comments I have received throughout the years, for the occasional (but equally valuable) critical view, for their continued active interest in the fund and, most of all, for trusting Equipsuper with such an important aspect of their long-term financial plans. It has been a pleasure and a privilege to play a role in that process and I wish my successor, the Fund and all of you great success in the years ahead.

Alex Nimmo
Chairman

At a glance

Investment returns

Equisuper was among the market leaders, achieving returns that exceeded reputable benchmarks in all major asset classes. Its Equipselect options produced returns to Equisuper Corporate accumulation members of:

Growth Plus	Balanced Growth	Conservative	Cash
14.5	12.4	8.1	4.8

The table (right) compares our performance with the five best long-term performers at 30 June 2005 in the Mercer Pooled (Balanced) Fund Survey, published for 30 June 2005.

Comparison of Equisuper Balanced Growth option's performance

Measured against the funds achieving the best 5-Year returns to 30 June 2005 in the Mercer Pooled (Balanced) Fund Survey.

Fund	1 Year	5 Years
Maple-Brown Abbott PST	12.0	7.9
Equisuper Balanced Growth	12.4	7.0
Tyndall Premier Growth	11.7	6.6
Suncorp Balanced	14.4	6.4
Citigroup Balanced Trust	12.8	6.4
Optimix Balanced	13.0	6.2

* For Allocated Pension members, the return is after management fees are taken out. There is no tax on investment earnings in Allocated Pension accounts. Returns for other funds are after tax and fees are taken out.

Administration

An alliance of CitiStreet Australia and Watson Wyatt successfully tendered to provide member administration services to Equisuper. CitiStreet is the primary service provider in the alliance.

Insurance

Hannover Life Re of Australasia Ltd became Equisuper's group insurer on 1 February 2005 after completion of an extensive tender process.

Some members are still covered by other insurers through agreement with their employers.

Compliance

Equisuper's application for a new Australian Prudential Regulation Authority (APRA) approved trustee licence was successful and became valid on 1 July 2005.

If the subsequent application to licence the Fund is also successful, it will mean the Fund is public offer. That will mean anyone can join the Fund as a superannuation or Allocated Pension member without requiring an employer sponsor.

Marketing

The Fund continued to grow, with membership up by more than 4,000. Assets also increased to close to \$3 billion on 30 June 2005 and subsequently passed that mark with the addition of Mayne Group members and assets on 1 July.

Equisuper's marketing activities were subdued in the second half of the 2004-05 financial year by the focus on the administration transition to CitiStreet.

Communication

Equisuper's communications activities in the latter half of the financial year supported various significant changes, including the changes of insurer and administrator and the introduction of Choice of Fund for both members and employers. Communications was also involved in systems development for the management of the Fund's growing range of publications and forms.

Member education and pre-retirement seminars

Members were keen to keep up with change through the Fund's active member education program. There was increased demand for workplace presentations from major employers and pre-retirement seminars achieved record attendances throughout Australia.

Equisuper's member education resources will be substantially enhanced with a more comprehensive on-line library later in 2005 when the new website is launched.

Member services

Day-to-day member services transferred to CitiStreet from Mercer Human Resources Consulting on 1 July 2005.

There have been some temporary flow-on effects from this change, which were described in the June edition of the member newsletter, *Outperform*.

The most substantial effect has been the temporary non-availability of the member's area of the website. This service will be progressively restored to members as their records are transferred to CitiStreet and validated.

Looking forward with confidence

Chief Executive Officer's comment

“Communicating
on a more personal level”



Last year in this report I commented that we had just experienced a year of dramatic change for the superannuation industry. I can repeat that message with even greater emphasis for the 12 months just past. For many reasons the Equipsuper of today is substantially different to the Fund of a year ago. Some of these changes have been due to external forces and others have been the result of decisions we have had to make about how the Fund can best operate in pursuit of member's interests over the long term.

The major changes we have made in the past twelve months were inevitable, whether or not the Federal Government legislated for choice of fund. An ability to retain members by offering value-for-money, superior products and services is one measure of a high-quality super fund and our efforts have been concentrated on making it easy and worthwhile for both members and employers to participate in this Fund. We also have to make sure that our strategic partners will be able to keep pace with a rapidly changing environment and have systems and technologies that will facilitate robust and flexible service provision for many years to come. These latter factors are less visible when major decisions and changes are made, but are just as important as those which have a high public profile, such as the Choice of Fund legislation.

You may have already read in our newsletters or this report about the major changes in outsourced service providers and in our regulatory status. In addition we now have clearly defined Equipsuper Corporate and Equipsuper Personal divisions within the Fund, enabling us to offer you greater facility and flexibility in managing your super. Our personal superannuation and allocated pension products are now more capable of supporting the changing lifestyles and work patterns of the Australian workforce and we have introduced new fee scales for these products that recognise the benefit of building your super with this fund.

On this theme, fee levels and disclosure have been much in the news in recent months as a result of the Choice legislation and the barrage of advertising and commentary that accompanied it. Equipsuper continues to offer very competitive fees without compromising the quality of member services and communications. This is despite the upward pressure on costs being felt by every fund, as legislative and regulatory demands

increase and the management, administration and communications tasks created by these demands became more complex, costly and frequent.

Another area that does receive a high public profile is investment performance and I am pleased that the five-year returns across all our investment options continue to compare favourably with any fund in Australia and in several areas we clearly outperform the market.

Looking forward, product development will remain an important focus for us over the next year, as we strive to make joining and remaining with Equipsuper even more attractive in the future. When we launch our new website in the next few months you will experience a new view of Equipsuper with a much richer library of information and improved ability to transact with the Fund. The move to become a public offer fund - one anyone can join as an individual - will in time open up new avenues of growth.

In other words, we are ready for the new retail superannuation environment, where you will have greater control over your super. We have recognised that every member is different and our aim is to make dealing with Equipsuper a much more personal experience. Therefore, promoting greater and easier communication between you and the Fund and creating smart products and services to meet your needs are the cornerstones of our business strategy.

Equipsuper's role is to help you manage and maximise your retirement savings and to provide greater financial security during your working life. The greatest contributing factors to your financial security are strong investment performance, a clear understanding of how to pursue your goals, flexible services and competitive fees. These factors will always remain our key objectives.

Robin Burns
Chief Executive Officer

Investment performance

Aiming to outperform

Equipsuper's nine investment options offer considerable flexibility and choice so you can tailor your Allocated Pension investments to suit your personal and financial goals.

Our investment team pre-selects asset allocations for the four Equipselect options. This range of options achieves varying balances between growth and risk, according to their asset allocation. You can also choose your own asset allocations using our Youselect options.

You may choose a mix of several Equipselect and/or Youselect options to customise your investment portfolio. You can adjust your investments at any time by contacting our Helpline. You should only make investment choices and switches in the context of a clearly defined investment strategy.

Once you can log in to our new website, you will be able to switch between investment options on-line. In the meantime, you can use the "Investment Choice Variation" form. We do not charge switching fees.

Unit prices

The value of your investments is calculated weekly based on a unit price. Unit prices may be calculated more frequently, or we may temporarily suspend activity, if investment markets are volatile. When you invest with Equipsuper, your money buys a number of units in each of your nominated or default options. You buy units at the current unit price. Unit prices go up and down according to investment performance. These movements are reflected in your account balance.

As you or your employer make contributions, you buy more units at whatever the prices are at the time your contribution is processed.

At Equipsuper, unit buying prices (when contributions are received) are identical to the selling prices (when benefits are paid). We take out investment fees and tax before setting our unit prices. You can find current and historical unit price information on our website.

We expect that unit prices will be updated daily from 1 November 2005.

Equipsuper investment options

Unit prices as at 30/06/2004 and 30/06/2005

The following table shows unit prices set for each investment option on 30 June 2004 and 30 June 2005. It also shows the percentage change in the value of the units for each option over the period.

Equipsuper's unit prices are set each week. Unit prices for all investment options were revalued to \$1 on 1 July 2005 as part of the administration transition.

equipselect			
Growth Plus		Balanced Growth	
30/6/04	1.5392	30/6/04	1.4731
30/6/05	1.7616	30/6/05	1.6552
Change (%)	14.5	Change (%)	12.4
Conservative		Cash	
30/6/04	1.3434	30/6/04	1.2548
30/6/05	1.4528	30/6/05	1.3147
Change (%)	8.1	Change (%)	4.8

Past performance

While historical performance does not guarantee levels of returns, or even positive returns for any investment option, we believe our data for the past five years underscores our capacity to deliver attractive returns over extended time frames.

Derivatives

Derivatives are investments with values based on other securities or assets e.g. options to buy a share at a fixed price in the future. The Equipsuper "Investment Strategy Manual" permits the selective use of derivatives as part of its investment strategy. Derivatives enable us to hedge against risk by increasing or decreasing exposure to asset classes without having to buy underlying securities.

Socially Responsible Investments (SRI)

For investment options other than the SRI option, the primary investment criteria for Equipsuper take into account the expected return and performance of the underlying companies. Equipsuper may consider social, ethical and environmental considerations or labour standards of companies where these may materially impact investment performance objectives. For the investment criteria used for our SRI option, you should refer to the Equipsuper PDS.

youselect					
Australian Shares		Overseas Shares		Property	
30/6/04	2.0970	30/6/04	1.0592	30/6/04	1.8974
30/6/05	2.5926	30/6/05	1.0864	30/6/05	2.0989
Change (%)	23.6	Change (%)	2.6	Change (%)	10.6
Fixed Interest			SRI*		
30/6/04	1.3753	30/6/04	1.1215		
30/6/05	1.4750	30/6/05	1.4533		
Change (%)	7.2	Change (%)	29.6		

* Socially Responsible Investments.



Investment performance

equipselect performance

Growth Plus

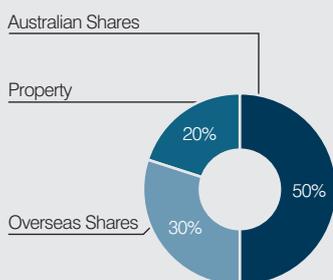
Investment objective

- › Achieve a net return equal to 5% p.a. above inflation (measured by CPI*) over five years.

Strategy

- › Invest solely in Australian and Overseas shares and property. These are growth investments that we expect to earn higher returns over the long term.

Asset Allocation



Balanced Growth

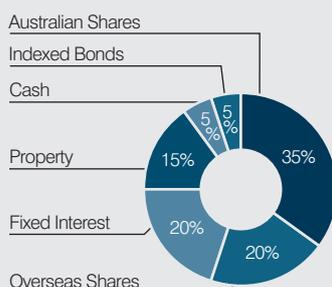
Investment objective

- › Achieve a net return equal to 4% p.a. above inflation (measured by CPI*) over 3 years.

Strategy

- › Invest mainly in shares and property, which are expected to earn higher returns over the long term. Invest the balance in more stable assets like fixed interest securities and cash.

Asset Allocation



Conservative

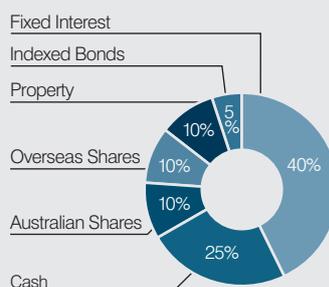
Investment objective

- › Achieve a net return equal to 2% p.a. above inflation (measured by CPI*) over 3 years.

Strategy

- › Invest mainly in fixed interest securities and cash, which are expected to deliver stable returns over the long term. Invest the balance in shares and property.

Asset Allocation



Cash

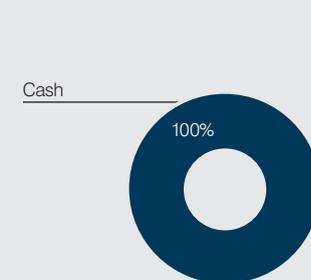
Investment objective

- › Achieve a net return equal to 1% p.a. above inflation (measured by CPI*) over 3 years.

Strategy

- › Invest in cash and short-term money market securities. Invest only in low-risk securities by financial institutions.

Asset Allocation



* Investment objectives and the CPI – Equipsuper is committed to protecting your money against inflation. Our investment objectives focus on earning investment returns higher than the inflation rate. Inflation is measured by the Consumer Price Index (CPI), which indicates the average change in prices paid for a "basket" of goods and services. The asset allocations for the Equipselect options were identical to these in 2003-2004.

youselect performance

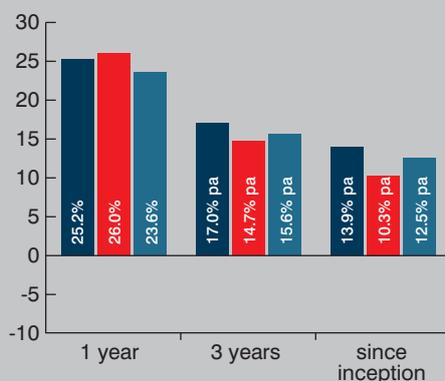
Youselect products were introduced in February 2001, except for the Socially Responsible Investments (SRI) option introduced in February 2002.

The performance of these asset-specific options is measured against recognised investment benchmarks. Our aim is to outperform those benchmarks in each asset class over rolling one to three-year periods.

Comparing performance

Our charts show how different Youselect options performed against their benchmarks. The investment returns reported here for all asset classes and benchmarks comparisons are made before tax and investment expenses are taken out. We have reported returns for the period that each option has been available.

Australian Shares

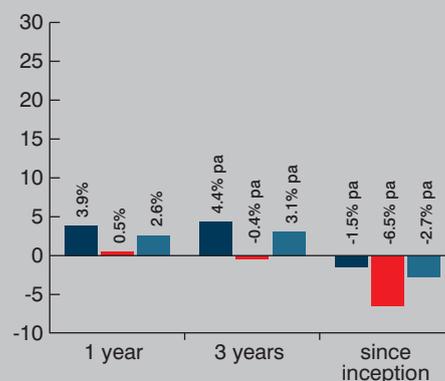


■ Australian Shares - before fees
■ Australian Shares - after fees
■ Benchmark - Standard and Poors Aust. Stock Exchange S&P/ASX 300 Accumulation Index - before tax and fees

Net annual returns

30 June 2005	23.6%
30 June 2004	22.3%
30 June 2003	2.1%
30 June 2002	1.3%

Overseas Shares



■ Overseas Shares - before fees
■ Overseas Shares - after fees
■ Benchmark - Morgan Stanley Capital International (MSCI) World Index ex-Australian in \$A - before tax and fees

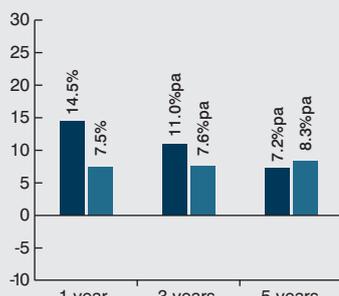
Net annual returns

30 June 2005	2.6%
30 June 2004	24.3%
30 June 2003	-14.1%
30 June 2002	-17.8%

Comparing performance

Growth Plus

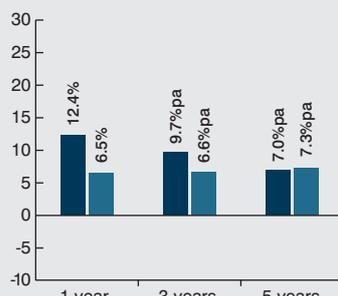
› This is how the Growth Plus option performed against its objectives over the past 5 years.



■ Growth Plus option return
■ Investment objective (CPI+5%)

Balanced Growth

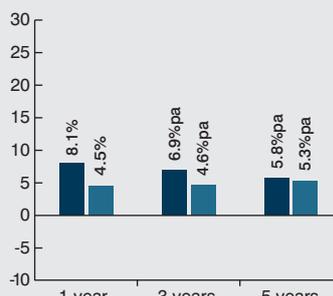
› This is how the Balanced Growth option performed against its objectives over the past 5 years.



■ Balanced Growth option return
■ Investment objective (CPI+4%)

Conservative

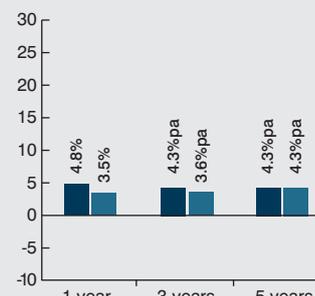
› This is how the Conservative option performed against its objectives over the past 5 years.



■ Conservative option return
■ Investment objective (CPI+2%)

Cash

› This is how the Cash option performed against its objectives over the past 5 years.



■ Cash option return
■ Investment objective (CPI+1%)

Net annual returns

30 June 2005	14.5%
30 June 2004	20.6%
30 June 2003	-0.8%
30 June 2002	-3.2%
30 June 2001	6.8%

Net annual returns

30 June 2005	12.4%
30 June 2004	14.8%
30 June 2003	2.2%
30 June 2002	-0.5%
30 June 2001	6.7%

Net annual returns

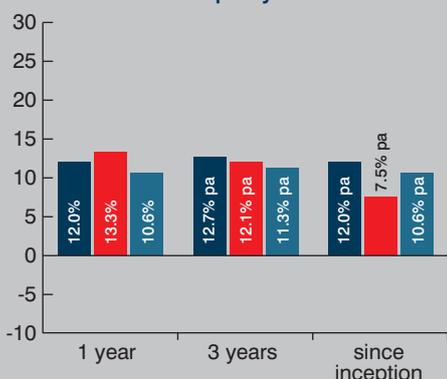
30 June 2005	8.1%
30 June 2004	7.6%
30 June 2003	5.1%
30 June 2002	2.3%
30 June 2001	5.7%

Net annual returns

30 June 2005	4.8%
30 June 2004	4.1%
30 June 2003	3.9%
30 June 2002	3.7%
30 June 2001	5.1%

As there is no tax payable on investment earnings on pensions, there is no benchmark against which pension returns can validly be assessed.

Property

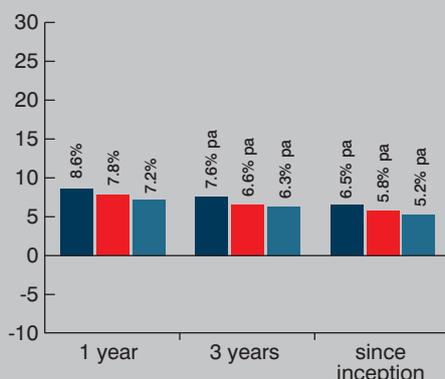


■ Property - before fees
■ Benchmark - Mercer Unlisted Property Index - before tax and fees
■ Property - after fees

Net annual returns

30 June 2005	10.6%
30 June 2004	11.0%
30 June 2003	12.3%
30 June 2002	8.9%

Fixed Interest

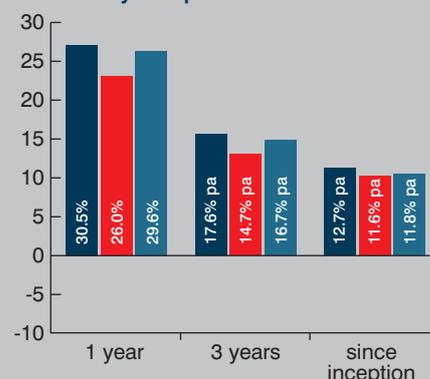


■ Fixed Interest - before fees
■ Benchmark - UBS Warburg Composite Bond Index (All Maturities) - before tax and fees
■ Fixed Interest - after fees

Net annual returns

30 June 2005	7.2%
30 June 2004	2.5%
30 June 2003	9.3%
30 June 2002	4.9%

Socially Responsible Investments



■ SRI - before fees
■ Benchmark - Standard and Poors Aust. Stock Exchange S&P/ASX 300 Accumulation Index - before tax and fees
■ SRI - after fees

Net annual returns

30 June 2005	29.6%
30 June 2004	28.4%
30 June 2003	-4.5%

Managing your investments

Who manages your investments?

Our Investment Committee, comprised of directors, in-house investment managers and external advisors, sets the strategy* and manages our investments. Up to 50% of the Fund's assets are managed in-house, with the balance outsourced to specialists in areas such as overseas shares and currency hedging. External investment managers are also used to provide members with the advantages of different management styles. Different styles enable us to identify and take advantage of diverse opportunities with the potential to enhance returns to members.

* **Special rules:** Equipsuper has established investment limits for investments in Australian and international unlisted securities and venture capital funds. These investments cannot exceed more than 12.5% of investments within either the Australian Shares or Overseas Shares portfolios. Further, the total of these investments across both of these portfolios cannot exceed 5% of the total assets managed by Equipsuper.

^ At 30 June 2005, the Fund's investment with State Street Global Advisers Australia Limited exceed 5% of the Fund's total investments.

The Investment Managers we use

Our external investment managers as at 30 June 2005 were:

AMP Capital Investors Limited	Australian shares, unlisted property, infrastructure
AMP Charterhall	Unlisted property
Archer Capital Pty Ltd	Private equity
Balanced Equity Management Pty Ltd	Australian shares
Brandes Investment Partners	Overseas shares
Bridgewater Associates Incorporated	Fixed interest
BT Financial Group	Australian shares
Capital International	Overseas shares
Citigroup Asset Management Australia Limited	Fixed interest
Colonial First State Investment Limited	Fixed interest, unlisted property, infrastructure
Franklin Templeton Institutional	Overseas shares
Hastings Funds Management Limited	Fixed interest
Ironbridge Capital Management, LLC	Private equity
Lazard Australia Asset Management	Australian shares
Lend Lease Real Estate Investments Limited	Unlisted property
Macquarie Specialised Asset Management Limited	Infrastructure
Pantheon Ventures Limited	International private equity
Paradise Cooper Investors Pty Ltd	Australian shares
Perennial Investment Partners	Fixed interest
Principal Global Investors Limited	Currency overlay
Quay Partners Australia Limited	Private equity
Ruminator Pty Ltd	Australian shares
Schroders Investment Management Australia Limited	Asian shares
State Street Global Advisers Australia Limited [^]	Overseas shares
The Vanguard Group, Inc	Listed property
Warakirri Asset Management Pty Ltd	Overseas shares, alternative investments

Australian shareholdings

Equipsuper's ten biggest Australian shareholdings at 30 June 2005 were:

Security Name	Value of Shares	% of Total Investments
BHP Billiton	\$59,286,975.00	1.99%
National Australia Bank	\$51,452,651.88	1.73%
Commonwealth Bank of Australia	\$47,484,102.60	1.60%
ANZ Banking Group	\$39,786,209.25	1.34%
Westpac Banking Group	\$37,945,997.25	1.28%
Telstra Corporation Limited	\$32,809,591.54	1.10%
Woodside Petroleum	\$16,054,798.50	0.54%
Macquarie Bank Limited	\$15,401,996.50	0.52%
Woolworths Limited	\$14,171,094.34	0.48%
Lend Lease Corporation	\$14,092,574.40	0.47%

The cost impact of change on members

The Fund has continued to deliver strong investment returns to members over the 2004-05 financial year, despite meeting some one-off costs associated with operational and legislative changes.

Operating a superannuation fund in a way that ensures high standards of governance and compliance has become more expensive in recent years, largely due to increasingly demanding regulation.

In addition, Equipsuper has undertaken substantial transitions of administration and group insurance to ensure the Fund is well-positioned to prosper in the more competitive environment of the future. These transitions have incurred some substantial one-off costs.

Despite those demands, we have been able to review and reshape some of our products to reduce fees for many members. In Equipsuper Corporate, we have maintained fees at current levels, even though many other industry funds have increased their fees.

In Equipsuper Personal, superannuation and Allocated Pension members have benefited from revised fee structures that have reduced overall annual costs for many.

The Financial Services Reform Act 2001 (FSRA) forms part of the broader Corporations Act and is designed to create a more uniform information advice and disclosure regime for the whole of the financial services sector. FSRA has a direct impact on members.

Last year, we reported that meeting the new FSRA disclosure requirements had required reconstruction of our member communications materials.

Those costs continued to impact on the Fund in the 2004-05 financial year. However, we have now established production procedures and systems that will reduce the on-going annual cost of managing our print communications in a way that complies with the FSRA regulations.

Striking a balance

Independent Chairman

Alex Nimmo

Is the independent chairman of Equipsuper, a position he has held for eleven years. He is also a director of OFM Investment Group Limited. He has held directorships of the Bank of Melbourne and American International Group. Mr Nimmo had a distinguished, 41-year career with the Commonwealth Bank, embracing retail, corporate and international banking before retiring as Senior General Manager.

Member Directors

Ian Fairman

Has been an Equipsuper director for four years. He is a Senior Transmission Network Controller with SP-AusNet and has 34 years experience in the power industry.

Paul Healey

Joined the Equipsuper board on 1 May 2005. He is Group Financial Controller at Central Equity Limited and a member of Central Equity's Board Audit & Risk Management Committee.

Bruce McAllister

Has been an Equipsuper director for eleven years. He is a Shift Manager at International Power Station at Hazelwood and a member of the ASU, CFMEU and AIST. He is a Fellow of the Australian Superannuation Funds Association (ASFA).

John O'Neill

Has been an Equipsuper director for ten years. He is a Technical Officer with SP-AusNet and has 31 years experience in the power industry. Mr O'Neill is also an Executive member of the ASU Victorian Authorities and Services Branch.

Andrew Clark – Ceased to be a director on 28 February 2005.

Employer Directors

Bruce Beeren

Has been an Equipsuper director for three years. He is a Non-Executive Director of Origin Energy Ltd, Baycorp Advantage Limited and Contact Energy Limited. Prior to joining Origin Energy he was Chief Executive Officer of VENCORP, General Manager AGL Pipelines and Chief Financial Officer at AGL.

Brian Clark

Has been an Equipsuper director for eleven years. He is also Finance Director for International Power-Hazelwood. His career includes 26 years with the RioTinto and BHP Groups. He is a former chairman of the BHAS (Port Pirie, SA) Superannuation Fund.

The Hon. W Lloyd Lange

Has been an Equipsuper director for three years. He is a Non-Executive Director of Bilfinger Berger Australia Pty Ltd and Chairman of Tollaust Pty Ltd. Mr Lange is a former Opposition Leader in the NSW Legislative Council.

Simon Lucas

Was elected an Equipsuper director in 2004. He is Company Secretary and General Manager, for the CitiPower and Powercor group of companies. This is his second appointment as an Equipsuper director. His previous term as a director was from 1995 to 2002.



Ian Fairman

Paul Healey

Bruce McAllister

John O'Neill



Bruce Beeren

Brian Clark

The Hon. W Lloyd Lange

Simon Lucas

Financial statement

These financial highlights from 2004-2005 demonstrate Equipsuper's financial position.

This abridged financial information is based on the preliminary and unaudited financial accounts of Equipsuper as at 30 June 2005. The full audited accounts and the auditor's report will be available for inspection by 30 September 2005. For a copy please contact our Helpline **1800 682 626**.

Statement of changes in net assets for year to 30 June 2005	\$ millions
Net assets available to pay benefits at the beginning of the financial year	2,390.39
Plus	
Member contributions	19.63
Employer contributions	186.88
Transfers-in from other funds	179.12
Net investment revenue	330.63
Other income	0.40
Total income	716.66
Less	
Administration expenses	16.07
Pension payments	2.44
Benefit withdrawals	111.82
Income tax expense	37.91
Contributions tax (surcharge)	6.64
Total expenses	174.88
Net income	541.78
Net assets available to pay benefits at the end of the financial year	2,932.17

Statement of net assets as at 30 June 2005	\$ millions
Investments	
Internally managed investments	
Short-term deposits and cash	341.92
Fixed interest securities	378.36
Real estate property	48.56
Shares and unsecured convertible notes in listed companies (Aust)	333.01
Shares in unlisted companies (Aust)	64.34
Externally managed investments	
International equity	601.11
Domestic managers (fixed interest)	248.67
Domestic managers (equity)	656.80
Domestic managers (unlisted property trust)	272.13
Cash at bank	2.96
Receivables	27.15
Total assets	2,975.01
Less (liabilities)	
Payables	7.08
Provision for deferred income tax	38.30
Provision for income tax	-2.54
Total liabilities	42.84
Net assets available to pay benefits	2,932.17

This year's key facts on super

New thresholds

The government thresholds applied to superannuation are annually indexed. The thresholds for the 2005-06 financial year are:

Reasonable Benefit Limit (RBL)

Your RBL is the maximum amount of benefit you can receive at concessional tax rates.

Benefits taken as a lump sum	\$648,946
At least 50% of benefits taken as a complying pension	\$1,297,886

Surcharge thresholds

Although the superannuation surcharge was abolished from 1 July 2005, surcharge amounts accruing from the 2004-2005 financial year may be deducted from member accounts in 2005-2006. Those amounts will be calculated based on the 2004-2005 income thresholds shown in this table. For superannuation purposes, in the 2004-2005 year high-income earners were those earning an adjusted taxable income in excess of \$99,710 a year. This was paid as a surcharge in addition to the 15% contributions tax on employer and salary sacrifice contributions.

Lower Limit	\$99,710
Upper Limit	\$121,075

Age-based employer contribution limits

These are the maximum tax deductible amounts that your employer can contribute, including salary sacrifice, to your superannuation in any one year. They are based on your age.

Under 35 years	\$14,603
35-49 years	\$40,560
50 years and over	\$100,587
Zero tax rate threshold for certain Eligible Termination Payments (ETP)	\$129,751



New legislation

The government has introduced a number of changes to superannuation, with some new announcements in the May 2005 budget, in addition to the regular indexed adjustments to thresholds. This is a concise outline of those changes and updates.

The “work test” removed

The Federal Government from 1 July 2005 has removed the so-called “work test” from super, meaning if you work after you reach your preservation age, you are now allowed to supplement your income with withdrawals from super.

This forms part of a wider plan to lift workforce participation among older Australians by removing disincentives presented by rigid tax and social security rules.

One proviso is that if you are still working, you cannot cash out your lump-sum benefit, but there is no cap applied to your income stream.

You also have the option of temporarily turning off your income stream from super if you are working.

Fee disclosure

From 1 July 2005, we are obliged to adopt the new fee disclosure requirements prescribed by ASIC for all super funds.

In a nutshell, the ASIC guidelines are designed to ensure that all super funds disclose their fees in the same way. For example, we must include a sample fee calculation used in our new Product Disclosure Statements based on an account balance of \$50,000.

We also include additional information on fees, such as an indication of the amount we may pay in performance bonuses to investment managers over the financial year.

Other changes simply relate to the formatting of tables. None of them materially affect the content of our PDSs.

The new regulations also require the inclusion of a prescribed statement that substantially says that paying higher fees in some funds may impact on investment returns over time.

Pensions

Term Allocated Pensions (TAPs) were added to the list of “complying income streams” on 20 September 2004, in keeping with the policy released in the Federal Government’s 2004 budget.

Their recognition as “complying” means that they qualify for a 50% asset exemption under the Social Security assets test used for determining eligibility for the Age Pension. This means they also qualify for the higher pension Reasonable Benefit Limit (RBL).

The reason for the exemption is that they differ from the traditional Allocated Pension offered by Equisuper. In return for locking into a set term for pension payments, you sacrifice the option to commute your pension to a lump sum or series of lump sum withdrawals at a time that suits you.

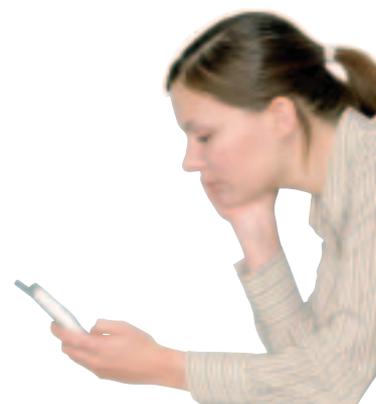
However, the new TAP still lets you stay in control of your money which, if you die, transfers to your dependants or estate.

For some members, for example those for whom the RBL is not an issue, or those who are not partially or wholly reliant upon the Age Pension, the traditional Equisuper Allocated Pension still has a lot to offer.

We plan to introduce a TAP to complement our traditional Equisuper Allocated Pension in the 2005-06 financial year.

General information

Competitive fees enhance your returns



Fees

Your fees in 2004-05 for an Allocated Pension are asset-based and are 1.25% per annum of the money you have invested with Equipsuper, except for the Cash option (1.0%) and the SRI option (1.55%).

Equipsuper changed the Allocated Pension fee structure from 1 July 2005, separating administration and investment fees to reflect the application of fees across the Fund.

The new fees effectively reduced the overall level of annual fees for any Allocated Pension member invested in Equipselect investment options.

From 1 July, the administration fee is 0.65% per annum of assets invested in the Fund. Investment fees are uniformly applied across the fund and are provided in the table below.

For comprehensive information on fees, you should refer to the Equipsuper Personal Allocated Pension PDS.

Other fees such as termination and family law are detailed in your Product Disclosure Statement or Member Guide Book.

Insurance

There is no insurance cover for Allocated Pension members.

Investment Option	Investment Fee % per annum
Growth Plus	0.50
Balanced Growth	0.45
Conservative	0.35
Cash	0.10
Australian Shares	0.40
Overseas Shares	0.65
Property	0.75
Fixed Interest	0.40
Socially Responsible Investments	1.00

The fees for specific investment options shown in this table are an average percentage of assets and will vary according to actual expenses incurred for each asset class. These fees include amounts charged by external managers in underlying wholesale trust structures. Some managers may receive performance bonuses paid on outperforming specific investment benchmarks.



Preserved benefits

Part of certain benefits must be preserved (or kept) in an approved superannuation arrangement, such as the Equipsuper Personal or another superannuation fund, under Government regulations.

A preserved benefit always belongs to you, but you are not able to receive it in cash unless you:

- › have reached age 65;
- › have reached age 60 and ceased an employment arrangement;
- › have retired permanently from the workforce and have reached your preservation age*;
- › die or become totally and permanently disabled;
- › have a preserved benefit of less than \$200; or
- › are an eligible temporary resident departing permanently from Australia.

You may be able to access some of your benefits early if:

- › you have received Commonwealth income support payments for at least 6 months and are unable to meet immediate family living expenses; or
- › the Australian Prudential Regulation Authority (APRA) approves the payment on specified grounds.

Non-preserved benefits

Non-preserved benefits may be paid to you in cash when you terminate employment (including any non-preserved transfer-in amounts).

* This is age 55 if you were born prior to 1 July 1960 and increases annually to age 60 if you were born after 30 June 1964.

SG minimum benefit

Your minimum benefit required under the Superannuation Guarantee (SG) legislation is calculated as;

the sum of:

- › your leaving service benefit at 30 June 1992 together with investment earnings; plus
- › the sum of your employer contributions required under the Superannuation Guarantee (SG) legislation since 30 June 1992 applicable for your period of membership at the following rates, together with investment earnings (see table below);
- › your personal contributions into the Fund plus investment earnings;
- › Any amounts rolled over to the Fund plus investment earnings.

Less

- › tax, expenses and surcharge where applicable and family law amounts.

Membership Period	SG Rate
1/7/1992 - 31/12/1992	4%
1/1/1993 - 30/6/1995	5%
1/7/1995 - 30/6/1998	6%
1/7/1998 - 30/6/2000	7%
1/7/2000 - 30/6/2002	8%
1/7/2002 onwards	9%

General information

Your Privacy

Equisuper is required to comply with the *Privacy Act 1988 (Cth)* in relation to the collection of your personal information as a member of the Fund.

A copy of our Privacy Collection Notice is included in Equisuper Product Disclosure Statements. You can also obtain a copy from our website or by calling our Helpline.

The rights that you have as a member include the right to:

- › complain to Equisuper if you believe that it has improperly used or handled your personal information (refer to the details below); and
- › make a formal complaint to the Privacy Commissioner if you are not satisfied with the way that your complaint has been handled, or the outcome (the Privacy Commissioner can be contacted on 1800 620 241).

Please direct any concerns or queries on privacy to:

Corporate Lawyer, Equisuper Pty Ltd,
PO Box 1146, Milton BC, QLD 4064
Tel: 03 9248 5903, Facsimile: 07 3121 0720.

Complaints procedure

If you are not satisfied with a response from Equisuper, it is very important that you follow this procedure. Any complaints, preferably in writing and providing your name and membership number, should be addressed to:

Manager, Member Services,
Equisuper Pty Ltd
PO Box 1146, Milton BC QLD 4064
Phone: 1800 682 626

We will respond with a decision within 90 days.

Unresolved issues

Equisuper always tries to resolve any complaints to the satisfaction of all concerned and in the best interests of all its members. However, if you have followed the steps outlined above and are not satisfied with the outcome, you must request another internal review by the Equisuper Trustee's Appeals and Review Committee. If the matter is not then resolved to your satisfaction you may be able to take the matter to the Superannuation Complaints Tribunal (SCT). The SCT is an independent body set up by the Federal Government to help resolve superannuation complaints for Fund members and beneficiaries.

If the SCT accepts your complaint, it will try to help you and Equisuper to reach a mutual agreement. If this is not successful the SCT will then make a decision that is binding on all parties.

There are time limits for lodging complaints with the SCT. For more information about the Tribunal's requirements and time limits you can call the SCT on 1300 780 808 from anywhere in Australia for the cost of a local call, or write to the Tribunal:

The Superannuation Complaints Tribunal (SCT)
Locked Bag 3060
GPO Melbourne VIC 3001
www.sct.gov.au

Lost members and unclaimed money

You become a lost member if mail sent to your last-known address is returned twice. When that happens we notify the Australian Taxation Office and your name is added to the Lost Members Register, from where you can obtain information about any superannuation benefits retained by funds that have lost contact with you.

If you are over 65, a benefit is payable to you and we have lost contact with you, your benefit is transferred to the relevant state unclaimed monies fund where it is held on your behalf until you claim it.

Family Law Fees

If you are involved in a Family Law matter you may have incurred the following costs. If this applies to you the fees that have been deducted from your benefit will be set out in an insert to this statement. Any fees paid directly to the Fund are not illustrated on this statement.

The fee that is applied when your spouse lodges a request for information is \$121 (incl GST) and is paid directly to the Fund.

The fee that is applied is \$510. If the member account balance is to be paid to a non-member spouse, we will deduct the total amount from the newly created spouse account when we create that account. If a portion of the member account remains with the Fund, we deduct \$255 from both the member and non-member accounts at the time the non-member account is created. If both spouses are already members of the Fund, then the \$510 fee will be split and deducted from both account balances at the time the splitting transactions are completed.

Eligible Rollover Fund (ERF)

We may pay your benefit to an Eligible Rollover Fund (ERF) if you have left employment, your benefit has transferred into Equisuper Personal and if your benefit is less than \$1,000. This will occur if:

- after transferring from Equisuper Corporate, you have been a member of Equisuper Personal for at least 90 days from the date of your transfer; and
- you do not have any type of insurance cover; and
- you are not a former member of the Water Industry Super Fund.

If your benefit is paid to an ERF, it will no longer be with Equisuper Personal and can only be claimed by contacting the ERF to which it was paid.

An ERF is a fund approved by APRA, which can receive benefits payable to members of superannuation funds who cannot be located or who do not respond to letters regarding payment of their benefits. We have selected AMP as the Equisuper ERF. Contact details are:

Fund Administrator

AMP Eligible Rollover Fund
Locked Bag 5330, Parramatta, NSW, 2124
Phone: 133 888

Subject to the conditions above, Equisuper makes monthly transfers to the AMP Eligible Rollover Fund. Being transferred to an ERF may affect your benefits because you will become a member of the AMP ERF. If Equisuper can provide AMP with your current contact details, AMP will provide you with its current Product Disclosure Statement (PDS), which outlines all the operational details of its fund. You can contact AMP for a copy of its PDS.

AMP credits a low rate of interest (in some years 0%), where the balance is below a certain amount specified in AMP's governing rules. AMP will apply a different fee structure. AMP is required to "member protect" your benefit. This means that administration charges cannot exceed investment earnings on your account in a reporting period. However, indirect management fees may be deducted from gross fund earnings. You should refer to the AMP PDS for circumstances in which fees may apply.

AMP invests your benefit in a low-risk strategy, predominantly cash and short-term fixed interest investments. You should evaluate whether the strategy is appropriate to your specific circumstances. AMP does not offer insured benefits in the event of death or disability.

Director Elections

The structure of Equipsuper and its board are described in "Our Financial Services Guide" available from our website or Helpline.

Member directors are elected by a ballot of all eligible members to hold office for three years unless they leave the Fund, voluntarily resign from office, become disqualified from holding office, or are removed from office by a majority vote of all members. Casual vacancies for member directors i.e. if a member director leaves office, are usually filled through an election.

Employer directors are elected by a ballot of all eligible employers (where each employer has voting rights in direct proportion to the number of Equipsuper members it employs) to hold office for three years under basically the same arrangements as for member directors. They cannot, however, be removed by a majority vote of all members. They can be removed by their company in a General Meeting.

If a casual vacancy arises within 12 months of an election being held, the trustee board may respectively fill the vacancy for a member or employer director until the next election is due with the person who received the next-highest number of votes in the previous member or employer director ballot. Where a vacancy must be filled at short notice, the member directors can choose a suitable replacement among the alternate directors or, if there are no alternates, the Board will choose an appropriate director.

Trustee Expenses and Liabilities

The directors and Equipsuper itself as a Company may be reimbursed and indemnified (protected) from the Fund for all expenses and liabilities which they incur in administering the Fund. However, this does not include:

- › liabilities arising from the trustee's fraud or dishonesty, intentional or reckless neglect, or intentional or reckless default;
- › amounts such as penalties, for which indemnification is not permitted under legislation.

Changing the Rules

As circumstances change from time to time, the Rules governing the Fund may need to be amended. Equipsuper has the power to amend the provisions of the Rules. All amendments must comply with the amendment power in the Rules and also with any applicable legislation.

Equipsuper must inform affected members in writing of the nature, purpose and effect of a significant amendment as soon as practicable after it has been made.

Loans and Withdrawals from the Fund

It is not possible to arrange a loan from the Fund or use your expected benefit as security for a loan.

Forfeited benefits

Your interest in Equipsuper may be forfeited to Equipsuper if you:

- › are under a legal incapacity;
- › assign, mortgage or charge your interest in Equipsuper.

This means you are no longer legally entitled to the benefits.

Subject to the provisions of the Rules and legislation governing the payment of benefits, forfeited benefits may be paid to you or any of your dependants at the discretion of Equipsuper. The intention of this provision is to ensure that your interest in Equipsuper is used to provide for your retirement or to maintain your dependants (and not to pay your creditors, for example).

Specialist advisors

Equipsuper employs specialists to help run the Fund. The following were employed in the 2004-05 financial year:

Mercer Human Resource Consulting Pty Ltd
administrative services, consulting and actuarial advice.

KPMG – internal auditing services

PriceWaterhouseCoopers – external auditing services

JANA Investment Advisers – investment advice

Ernst and Young – taxation advice

Freehills – legal advice

National Australia Custodian Services
custody of Equipsuper's assets

American Home Assurance Company
indemnity insurance to protect the Fund and directors.

More information on your super

Equipsuper produces a wealth of literature on your super. Your super and insurance is defined in your Equipsuper Allocated Pension Product Disclosure Statement or Member Guide Book. You annually receive a benefit statement.

Other documents to help you understand super and the way the Fund operates include:

Our Financial Services Guide, the Equipsuper Trust Deed, the Investment Policy Statement, the latest audited accounts and auditor's report, rules for the appointment and removal of trustee directors, the most recent actuarial report, Member Education Series fact sheets, and the website www.equipsuper.com.au.

Detailed information on Equipsuper is readily available via our website www.equipsuper.com.au; on request through the Helpline 1800 682 626 and via e-mail: helpline@equipsuper.com.au. Members can download Equipsuper publications and forms from the website, or request them via our Helpline.

Equisuper Pty Ltd

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Annual Report 2005
For Equisuper
Allocated Pension members