

FINAL ANNUAL REPORT

11

For period 1 July 2010 to 30 June 2011

Issued on 31 October 2011 by SPEC(QLD) PTY. LTD.
(ABN 60 010 743 405, AFSL No. 325 122)
the Trustee of SPEC Super (ABN 45 404 406 059)



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Final Annual Report

This Annual Report was prepared and issued on 31 October 2011 for SPEC Super (ABN 45 404 406 059) by the Trustee of the Fund, SPEC(QLD) PTY. LTD. (ABN 60 010 743 405).

SPEC(QLD) PTY. LTD. holds Australian Financial Services Licence No. 325 122 and is authorised to provide general financial product advice in relation to superannuation.

This Annual Report provides important information about the significant changes made to SPEC Super during the nine months to 31 March 2011, the Fund's performance and investment options available. Further information about the Fund, and the Trustee is available by contacting Energy Super using the contact details provided or from Energy Super's website.

Upon request the Trustee will provide you with all of the information that the Trustee reasonably believes you would require to make an informed assessment about the management and financial condition and the investment performance of the Fund. The provision of some information may be subject to a charge.

The information provided by SPEC Super is of a general nature and does not take into account your individual financial situation, objectives or needs. If you require such specific advice, you should contact a licensed financial adviser.

This document should be read in conjunction with your SPEC Super exit statement for the period ended 31 March 2011 if you were a member of SPEC Super at the time.

Message from the Chairperson

I am pleased to be able to deliver the final Annual Report for SPEC Super, following the successful merger with ESI Super, to form Energy Super, effective 1 April 2011.

The reason that the Trustee Board pursued a merger was to create a much larger fund, which would allow for cost savings to be delivered to members, based on economies of scale and greater efficiencies. The merged fund will also provide members with access to a broader range of products and services.

Following the merger, Energy Super is now one of the leading superannuation funds in the country, with around 45,000 members and total assets of approximately \$3.8 billion.

Due to its size and financial strength, Energy Super is well placed to deliver strong and secure retirement outcomes for members into the future. Energy Super has been granted platinum status by independent ratings agency, SuperRatings for 2010/11, meaning it is rated an excellent value for money fund, and is amongst the top 15% of funds in the industry.

The SPEC Super Board is very proud of the merger, which was a major project and involved significant co-operation between both SPEC Super, ESI Super and a number of external service providers. The Board acknowledges the efforts of Independent Fund Administrators and Advisers Pty Ltd, and ESI Financial Services Pty Ltd, in achieving a successful merger, which was delivered on time and on budget.



Please be assured that SPEC Super's focus on providing outstanding member service will continue in Energy Super, which is dedicated to 'generating your wealth'. Further details on the merger are provided in this Annual Report. If you have any questions or concerns about the merger, or about the operation of Energy Super generally, please phone 1300 4 ENERGY (1300 436 374) or email info@energysuper.com.au

Bob Henricks
CHAIRPERSON

SPEC Super merger

Background

SPEC Super was established in 1987 as a superannuation fund dedicated to meeting the needs of electrical contractors and employees of associated industries. Over the course of 24 years, the landscape of the superannuation industry has changed dramatically and SPEC Super evolved with it. However, the objective of the Fund has always been to deliver competitive investment returns for members to fund their retirement, as well as providing members with access to leading edge products and services, such as excellent Death, Total and Permanent Disablement and Income Protection insurance.

Merger

In 2009, the Board of Trustees of SPEC Super arranged for a review to be conducted, which confirmed the feasibility of a merger between SPEC Super and ESI Super, to form Energy Super. During 2010, a thorough due diligence assessment of the merger partner was undertaken, and legal and taxation advice obtained, to ensure the merger was in the best interests of members. Following confirmation of these matters, the Board determined that the merger should proceed.

For the remainder of 2010 and early 2011, all efforts were focused on the implementation of the merger. The scope of the project was comprehensive, and involved:

- the transfer of all member account balances to Energy Super;
- the consolidation of all investments across both funds;
- integrating fund rules such as insurance and investment choice offerings;
- appointing new service providers;
- implementing a new administration system;
- creating a new Energy Super website and fund disclosure material; and
- bringing together the staff of both organisations into a cohesive team.

Member Communications

In February 2011, SPEC Super issued a notice to all existing members confirming the merger between SPEC Super and ESI Super to form a new fund called Energy Super, effective 1 April 2011. This notice set out information about the benefits of Energy Super membership, including the insurance offering, as well as providing a comparison of fees and member investment choice options between both Funds.

Following the transfer of all member account balances to Energy Super, SPEC Super members received an exit statement in early April 2011 setting out the details of their benefit which was transferred, including the interest applied upon exit. Members were also provided with an Energy Super introductory pack in late April / early May, setting out their opening balance in Energy Super and a copy of the Energy Super Product Disclosure Statement.

Final distribution of investment earnings

Due to the fact that the merger occurred on 1 April 2011 (before the end of the financial year), the final asset values and the final tax expenses of SPEC Super were not known at the merger date. As a result, the investment earnings credited to transferring SPEC Super members were determined on a conservative basis.

The amount of earnings applied to each member on transfer represented a percentage of the total earnings of the investment option(s) they were in during the period from 1 July 2010 (or later start date) to 31 March 2011. The difference between the total earnings and the earnings distributed to each member's account was withheld to pay for the final tax expenses and future liability requirements of SPEC Super. Both these were unknown at the time of the transfer on 31 March 2011.

It was outlined to members in communication issued in February 2011 that once final asset values were determined, and final tax expenses and future liabilities paid, an additional distribution will be paid to transferring SPEC Super members (who remain members of Energy Super). These amounts have now been determined and the final distribution to be paid is expected to be finalised in November 2011, and will be applied to the relevant members' Energy Super accounts.

This distribution will be based on the same proportion of investment earnings received by each member (across the investment option(s) they held) at the date of transfer. The total amount of investment surplus being held in an administration reserve to be distributed will be paid to all eligible member accounts across each investment option. This amount will be invested in member's future contribution investment option(s) in Energy Super and will be reported on their 30 June 2012 Energy Super member statement.

After the distribution is made, correspondence will also be issued to relevant members confirming the amount applied to their Energy Super account.

Any transferring SPEC Super member who is not a member of Energy Super at the time the distribution is made, will not be eligible for this distribution.

Trustee Board

Each of the five Directors on the SPEC Super Trustee Board have transitioned onto the Energy Super Trustee Board. The directors will remain on the SPEC Super Board until the wind-up of SPEC Super. They are listed on page 6.

Trust Deed changes

To facilitate the merger the SPEC Super Trust Deed was amended in late 2010 to allow a 'Successor Fund Transfer' (SFT) to occur. A SFT involves transferring members benefits to another superannuation fund which provides equivalent benefits, without member consent. The Trust Deed was also amended for unallocated reserves to be transferred to Energy Super.

Indemnity insurance

In accordance with the requirements of section 912B of the Corporations Act 2001, adequate professional indemnity insurance has been taken out covering the SPEC Super Trustee Board, to cover any claims which may arise before or after the termination of SPEC Super. This policy will be reviewed on an annual basis and adequate professional indemnity insurance will be taken out covering the SPEC Super Trustee Board, to cover any claims which may arise before or after the termination of SPEC Super for a period of up to 7 years.

SPEC Super wind-up

Although all member balances were transferred to Energy Super on 1 April, the wind-up and closure of SPEC Super will not be completed until early 2012. This is due to the time associated with the preparation and audit of the Fund's final financial statements up to 30 June 2011, and lodgement of the Fund's final tax return. The licences that SPEC Super held with the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission will then be cancelled, at which time the wind-up of SPEC Super will then be complete.

Investments

Derivatives

SPEC Super used derivatives either to protect the value of its portfolios or to manage them efficiently within set asset allocation ranges. On the advice of the SPEC Super investment adviser, the SPEC Super Trustee used currency hedges directly to protect the value of SPEC Super's overseas investments. Derivatives were not used for speculative purposes or to gear the portfolio. The Trustee used these instruments to enhance the returns on the Fund's assets in the long term.

Reserving Policy

As part of the merger, SPEC Super members who were transferred to Energy Super were credited with a percentage of investment earnings based on the returns from their SPEC Super investment option(s) for the period 1 July 2010 (or later start date) to 31 March 2011. The difference between the total investment earnings and the investment earnings actually distributed to each member's account was initially withheld in an administration reserve to pay for the final tax

expenses and future liability requirements of SPEC Super.

On merger the administration reserve was dealt with as follows:

- The SPEC Super administration reserve was transferred to Energy Super on 1 April 2011 (and held in a separate account for SPEC Super members), and invested in cash and term deposits.
- This reserve has since been used to pay SPEC Super liabilities and will also be used to pay the final tax expenses.
- Part of the reserve has been retained in Energy Super to match the reserves of ESI Super. This was calculated on a proportional basis, relative to the net assets of each fund at the transfer date. This ensures equity across the membership of Energy Super.
- Having determined SPEC Super's final tax expenses and other liabilities, the remaining balance of the SPEC Super administration reserve is expected to be distributed to former SPEC Super members (who remain members of Energy Super) in November 2011.

History of Reserves

Year ended	Amount	% of members' funds
30 June 11	0	0
30 June 10	\$3,329,118	1.0
30 June 09	\$4,338,059	1.0

Contributions Surcharge

The superannuation surcharge was abolished from 1 July 2005. No surcharge is paid on contributions or termination payments received after 1 July 2005. However, any surcharge assessments issued by the Australian Taxation Office in respect of previous financial years will still apply. Any such assessments received, will be deducted from the account of the relevant member.



Investment returns

SPEC Super Crediting Rates						
Investment option	31 March 2011 [^]	30 June 2010	30 June 2009	30 June 2008	30 June 2007	5 year average* at 30/6/10
Balanced	6.80% [^]	10.00% p.a.	-12.82% p.a.	-6.70 p.a.	18.43% p.a.	4.00%
Capital Stable	5.90% [^]	10.22% p.a.	-3.15% p.a. ^{**}	-	-	3.32%
Growth	7.40% [^]	10.20% p.a.	-17.72% p.a.	-10.00 p.a.	19.90% p.a.	2.70%
Cash Enhanced	3.70% [^]	5.27% p.a.	4.28% p.a.	4.80% p.a.	5.70% p.a.	4.97%
Australian Shares	9.10% [^]	12.28% p.a.	-1.40% p.a. ^{**}	-	-	5.22%
International Shares	5.80% [^]	7.98% p.a.	-15.69% p.a. ^{**}	-	-	-4.59%
Cash	3.10% [^]	3.27% p.a.	1.00% p.a. ^{**}	-	-	2.13%
Capital Guaranteed ^{^^}	N/A [^]	1.78% p.a.	2.58% p.a.	5.70% p.a.	6.00% p.a.	4.25%

* Average is the compound average of the crediting rates over the past 5 years or shorter where that option was introduced from a later date. CPI over the same 5 year period averaged 3.04% p.a.

** Returns are for the period from 1/10/08 to 30/06/09. * Returns are for the period from 1/1/09 to 30/06/09. ^ Returns are for period from 1/7/10 to 31/3/11 and reflect the earnings applied to benefits transferred from SPEC Super to Energy Super effective 1 April 2011.

^^ Option closed to new members from 1 July 2005. This option closed 31 August 2010. Past performance is not a reliable indicator of future performance.

The following table details how the SPEC Super investment options were merged into the Energy Super investment options following the merger.

SPEC Super options prior to 1 April 2011	Energy Super options from 1 April 2011
Balanced*	Balanced*
Capital Stable	Stable
Growth (High Risk)	Growth
Cash	Cash Deposit
Cash Enhanced	Cash Enhanced
Australian Shares	Australian Shares
International Shares	International Shares
No similar option	Socially Responsible Investment Balanced
No similar option	Capital Managed

* If you did not choose an investment option in SPEC Super, your account will remain invested in the Balanced option in Energy Super.

Who looks after your super?

A trustee company, SPEC(QLD) PTY. LTD. (ABN 60 010 743 405, AFSL No. 325 122), is responsible for running SPEC Super (ABN 45 404 406 059). The management of the Trustee is the responsibility of five (5) Directors. Two have been nominated by the Electrical and Communications Association Queensland (E.C.A.) and two by the Communications, Electrical and Plumbing Union (C.E.P.U.). One independent trustee makes up the total of five.



Bob Henricks

(Chairperson–Member Representative) Nominated by the Queensland Branch, Electrical Division of the C.E.P.U. (past Secretary of C.E.P.U./ETU). Director since 27 August 1987.



Dick Williams

(Member Representative) Nominated by the Queensland Branch, Electrical Division of the C.E.P.U. (past Secretary of C.E.P.U./ETU). Director since 1 July 2008. Previously an Alternate Director since 25 August 1999.



Richard Cox

(Secretary–Employer Representative) Nominated by the Electrical and Communications Association Queensland. Director since 13 October 1995.



Geoff Baldwin

(Employer Representative) Nominated by the Electrical and Communications Association Queensland. Director since 1 July 2008.



Win Hughes

(Independent Director) Over 30 years experience in the financial services industry including roles as a Financial Planner and Asset Consultant. Director since 25 November 1991.

Election of Member Representative Directors

In accordance with the Constitution of SPEC(QLD) PTY. LTD., the members of the Fund are represented by Directors nominated and elected by the industrial union of employees forming the Scheme Member Body.

The industrial union is the Communications, Electrical and Plumbing Union (C.E.P.U.). This industrial union has the power to elect at least two (2) Directors to represent the members. It also has the power to replace or remove any Director elected by it.

Election of Independent Director

In accordance with the Constitution of SPEC(QLD) PTY. LTD., the Scheme Member Body (the industrial union) and the Employer Body (the E.C.A.) may jointly appoint one (1) person to the position of Independent Director.

This appointment shall be upon such terms and conditions as the Directors determine. The Fund currently has an Independent Director appointed in accordance with this procedure.



Joy Cooper

(Independent advisor on the Audit and Compliance Committee)



Cathy Connellan

(Trustee Services Manager of SPEC Super)

Service Providers

The Trustee is assisted in its duties by a number of professional service providers. These are:

Administration:	Independent Fund Administrators & Advisers Pty Ltd (IFAA)
Auditor:	BDO Audit (QLD) Pty Ltd.
Insurer:	CommInsure (Death & TPD) and AIP (Income Protection)
Investment Consultant:	JANA Investment Advisers Pty Ltd
Custodian:	National Asset Services
Legal Advisers:	Corrs Chambers Westgarth / Minter Ellison

Questions

If you have any questions in relation to the merger or Energy Super, please contact us:

Energy Super

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Financial Statements

The financial information shown below has been extracted from the Fund's unaudited accounts. The audit of the Financial Statements is planned to be completed by 31 October 2011 and will be available on request after that date.

Abridged Financial Information		
Statement of Financial Position as at 30 June 2011	30 June 2011 \$	30 June 2010 \$
Financial assets		
Units in managed funds	-	358,291,300
Units in other managed funds	-	122,467,744
Term Deposits	-	6,776,660
Total financial assets	-	487,535,704

Other assets		
Cash and cash equivalents	-	4,136,759
APRA liquidity requirement - NAB term deposit	-	100,000
Distributions receivable	-	7,409,028
Contributions receivable	-	1,595,041
Other assets	-	184,292
Plant and equipment	-	-
Deferred tax asset	-	8,190,247
Total other assets	-	21,615,367
Total assets	-	509,151,071

Less liabilities		
Trade and other payables	1,814,463	2,447,922
Benefits payable	-	214,832
Contributions payable	27,358	-
Income tax payable	624,433	3,165,805
No TFN tax payable	4,238	23,273
Indemnity from Energy Super	(2,470,492)	-
Total liabilities	-	5,851,832
Net assets available to pay benefits	-	503,299,239

Represented by:		
Liability for accrued benefits		
Vested benefits allocated to members' accounts	-	498,678,850
Not yet allocated	-	1,291,271
	-	499,970,121
Total reserves	-	3,329,118
Net assets available to pay benefits	-	503,299,239

Abridged Financial Information		
Operating Statement for year ended 30 June 2011	30 June 2011 \$	30 June 2010 \$
Revenue		
Employers' contributions	49,665,791	64,374,723
Salary Sacrifice contributions	6,001,329	7,720,999
Members' contributions	1,046,784	2,353,364
Co-contributions	265,180	492,615
Transfers from other funds	14,002,088	14,568,632
Transfers from pension products	2,607,305	1,956,131
Investment revenue	62,654,329	44,354,885
Other revenue	3,201,914	4,016,338
	139,444,720	139,837,687

Expenses		
Investment	853,765	1,140,953
General administration	5,167,466	4,621,273
Insurance	9,503,032	12,227,567
Superannuation contributions surcharge	920	763
Transfer of Engagements	24,638,222	-
	40,163,405	17,990,556
Benefits accrued as a result of operations before income tax	99,281,315	121,847,131

Income tax expense	11,278,500	12,675,679
No TFN tax	4,239	23,271
Benefits accrued as a result of operations	87,998,576	109,148,181

Investment Allocation

The following tables show the types of investment assets held by the Fund at 31 March 2011 and the previous financial year.

Investments by asset class				
Type of Asset	30 June 2011 [^]		30 June 2010	
	% of investments	\$ value of investments	% of investments	\$ value of investments
Australian Shares	-	-	30.04	146,357,771
Overseas Shares	-	-	23.42	114,109,639
Fixed Interest	-	-	18.0	87,247,692
Property	-	-	9.8	47,923,921
Alternatives	-	-	-	-
Defensive Alternatives	-	-	1.0	4,727,325
Growth Alternatives	-	-	8.7	42,923,921
Capital Guaranteed	-	-	0.04	236,268
Cash	-	-	9.0	44,289,269
TOTAL	0	0	100.0	487,535,704

Investments by Fund Manager				
Fund Manager	30 June 2011 [^]		30 June 2010	
	% of investments	\$ value of investments	% of investments	\$ value of investments
Acadian Asset Management	-	-	3.8	18,935,477
AMP Capital Investors	-	-	17.5	85,345,844
Apostle Asset Management	-	-	4.5	22,065,807
Barclays Global Investors	-	-	1.0	4,727,325
Contango Asset Management	-	-	1.3	6,320,428
Greencape	-	-	7.4	35,751,507
Industry Super Holdings	-	-	0.1	467,032
Legg Mason Asset Management	-	-	7.4	35,822,880
Members Equity (Super Loans Trust)	-	-	0.5	2,528,825
Perennial Investment Partners	-	-	16.2	78,983,114
PIMCO Australia	-	-	9.6	46,718,377
QIC	-	-	5.7	27,695,672
RARE Infrastructure Ltd	-	-	0.9	4,399,137
Russell Global Property	-	-	0.5	2,438,100
Solaris Investment Management	-	-	6.2	30,312,085
Term Deposits	-	-	1.4	6,776,660
TPCG	-	-	5.8	28,383,895
Trinity Funds Management	-	-	4.2	20,863,476
T Rowe Price	-	-	3.7	17,841,160
Wellington	-	-	2.3	11,158,903
TOTAL	0	0	100.0	487,535,704

There are no investments made in any associated enterprise. The derivative charge ratio has not exceeded 5% of Fund assets at any time.

[^] All SPEC Super assets were transferred to Energy Super effective 1 April 2011.