

WORKS SUPERANNUATION SCHEME

Financial Statements

For the Year Ended 30 June 2009

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Auditors' Report
to the members of the Works Superannuation Scheme

We have audited the financial statements on pages 3 to 20. The financial statements provide information about the past financial performance and cash flows of the Scheme for the year ended 30 June 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 7 to 12.

Trustees' Responsibilities

The Company's Trustees are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Scheme as at 30 June 2009 and its financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Trustees and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Trustees in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company other than in our capacities as auditors and tax advisors.

Auditors' Report

Works Superannuation Scheme

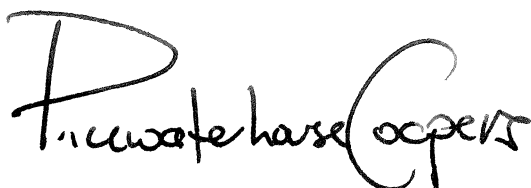
Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 3 to 20:
 - (i) comply with generally accepted accounting practice in New Zealand;
 - (ii) comply with International Financial Reporting Standards; and
 - (iii) give a true and fair view of the financial position of the Scheme as at 30 June 2009 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 6 October 2009 and our unqualified opinion is expressed as at that date.



Chartered Accountants

Auckland

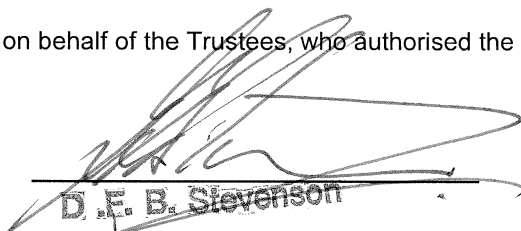
WORKS SUPERANNUATION SCHEME

Statement of Net Assets As at 30 June 2009

	Note	2009 NZ\$	2008 NZ\$
FINANCIAL ASSETS - Fair Value Through Profit & Loss			
Short Term Deposits		19,758,240	10,372,294
Forward Foreign Exchange		90,731	(394,124)
Fixed Interest - Onshore		5,308,920	9,124,924
Fixed Interest - Offshore		7,322,248	9,243,798
Equities - Onshore		6,944,450	8,876,860
Equities - Offshore		16,253,727	23,003,322
Total Investments	5	<u>55,678,316</u>	<u>60,227,074</u>
CURRENT ASSETS			
Cash in Transit		525,000	-
Cash at Bank		249,294	478,717
Contributions Receivable		181,934	238,400
Investment Income Receivable		282,443	397,374
Taxation Credits Receivable	8	-	26,952
Income Tax Receivable		329,387	336,655
Total Current Assets		<u>1,568,058</u>	<u>1,478,098</u>
Deferred Tax		678,862	-
Total Assets		<u>57,925,236</u>	<u>61,705,172</u>
Less LIABILITIES			
Contributions Refundable		448	2,133
Benefits Payable		349,269	159,821
Sundry Creditors		45,802	66,992
Total Liabilities		<u>395,519</u>	<u>228,946</u>
NET ASSETS AVAILABLE FOR BENEFITS		<u>57,529,717</u>	<u>61,476,226</u>
LIABILITY FOR PROMISED BENEFITS			
<i>Represented By:</i>	3 & 4		
Member Account		21,214,289	22,548,712
Employer Account		36,276,164	38,906,756
Reserve Account	10	39,264	20,758
		<u>57,529,717</u>	<u>61,476,226</u>

For and on behalf of the Trustees, who authorised the issue of these financial statements on:

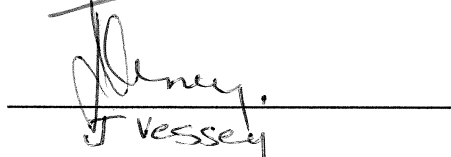
Trustee


D.E.B. Stevenson

Date

5 OCTOBER 2009.

Trustee


J. Vessey

Date

5 October 2009.

This statement is to be read in conjunction with the notes on pages 6 to 20

WORKS SUPERANNUATION SCHEME

Statement of Changes in Net Assets For the Year Ended 30 June 2009	Note	2009 NZ\$	2008 NZ\$
INVESTMENT ACTIVITIES			
Investment Revenue			
Losses on Scheme Investments at Fair Value	6	(4,894,314)	(4,871,023)
Distributions		282,443	397,374
Interest		-	8,327
		<u>(4,611,871)</u>	<u>(4,465,322)</u>
Investment Expenses			
Investment Management Fees		107,880	104,669
Net Investment Loss	7	<u>(4,719,751)</u>	<u>(4,569,991)</u>
Other Income			
Use of Money Interest		8,576	10,989
Total Revenue		<u>(4,711,175)</u>	<u>(4,559,002)</u>
OTHER EXPENSES			
Administration expenses		109,491	108,340
Auditors' Remuneration - Audit Fees		12,762	13,000
Auditors' Remuneration - Tax Advice		17,294	33,078
Legal Fees		36,090	2,185
General Expenses		28,301	27,988
Total Other Expenses		<u>203,938</u>	<u>184,591</u>
Change in Net Assets before Taxation and Membership activities		<u>(4,915,113)</u>	<u>(4,743,593)</u>
Income Tax (Credit)/Expense	8	<u>(681,594)</u>	<u>1,507</u>
Change in Net Assets after Taxation and before Membership Activities		<u>(4,233,519)</u>	<u>(4,745,100)</u>
MEMBERSHIP ACTIVITIES			
Contributions	3		
Member Contributions		1,762,197	1,871,203
Employer Contributions		2,675,050	2,764,776
Total Contributions		<u>4,437,247</u>	<u>4,635,979</u>
Benefits Paid	3		
Retrenchments		628,391	422,559
Retirements		1,527,818	779,846
Withdrawals		1,994,028	3,038,835
Total Benefits Paid		<u>4,150,237</u>	<u>4,241,240</u>
Net Membership Activities		<u>287,010</u>	<u>394,739</u>
Net Decrease in Net Assets During Year		<u><u>(3,946,509)</u></u>	<u><u>(4,350,361)</u></u>
Benefits accrued			
Allocated to:			
Member Account		(1,334,423)	(1,478,811)
Company Account		(2,630,592)	(2,877,930)
Reserves		18,506	6,380
		<u><u>(3,946,509)</u></u>	<u><u>(4,350,361)</u></u>

This statement is to be read in conjunction with the notes on pages 6 to 20

WORKS SUPERANNUATION SCHEME

Statement of Cash Flows For the Year Ended 30 June 2009

	Note	2009 NZ\$	2008 NZ\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash provided from</i>			
Employer Contributions		2,705,508	2,711,110
Member Contributions		1,786,520	1,833,436
Income Tax Refund		18,576	-
		<u>4,510,604</u>	<u>4,544,546</u>
<i>Cash applied to</i>			
Benefits Paid		3,960,789	4,407,708
General Administration Expenses		221,626	245,495
Income Tax Paid		-	1,262,000
		<u>4,182,415</u>	<u>5,915,203</u>
Net Cash Flows from Operating Activities	9	<u>328,189</u>	<u>(1,370,657)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash provided from</i>			
Proceeds from Sale of Investments		1,122,582	1,560,748
Proceeds from Settlement of Derivative Contracts		2,077,081	3,595,602
		<u>3,199,663</u>	<u>5,156,350</u>
<i>Cash applied to</i>			
Purchase of Investments		3,731,093	3,296,944
Investment Management Fees		26,182	35,798
		<u>3,757,275</u>	<u>3,332,742</u>
Net Cash Flows from Investing Activities		<u>(557,612)</u>	<u>1,823,608</u>
Net (Decrease)/Increase in Cash Held		(229,423)	452,951
Cash at Beginning of Year		478,717	25,766
Cash at End of Year		<u>249,294</u>	<u>478,717</u>

This statement is to be read in conjunction with the notes on pages 6 to 20

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

1. Scheme Description

Works Superannuation Scheme ("the Scheme") is a superannuation scheme registered in New Zealand under the Superannuation Schemes Act 1989 (registration number AS/486) to provide retirement benefits to certain employees of Century Drilling and Energy Services (NZ) Limited, Downer EDI Works Limited and Opus International Consultant Limited.

The registered address of the Company Secretary is as follows:

Secretary to the Trustees
Works Superannuation Scheme
C/- Aon New Zealand
PO Box 2764
Wellington 6140

During the year the Trustees of the Scheme were :

Dan Stevenson (Chairman)	Alison Swan
David Hutchison	John Vessey
Andrew Titter	Christine Meade

There is only one class of member. There were no members receiving benefits other than those paid on exit and partial withdrawals due to financial hardship.

The Scheme's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities.

Funding Arrangements

Works Superannuation Scheme is a defined contribution scheme. Under the Trust Deed contributions are made by Scheme members and by the company. During the year the company contributed and members contributed at the following rates:

Company contribution: 3.0% to 7.5% of member's salary (net of withholding tax)
Member's contribution: not compulsory, but if do then 1% minimum of salary

These funding arrangements are consistent with those of the previous period.

Retirement Benefits

The retirement benefits are determined by contributions to the Scheme together with investment earnings on these contributions over the period of membership.

Termination Terms

The Trust Deed sets out the basis on which the Scheme can be terminated.

Changes in the Scheme

There were no changes in the Trust Deed.

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Financial Reporting Act 1993 and the Superannuation Schemes Act 1989.

Statement of Compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement Base

The measurement base adopted is that of historical cost modified by the revaluation of assets which are measured at fair values at balance date.

Functional and Presentational Currency

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates.

Standards, amendments and interpretations to existing standards that are not yet effective and have not yet been adopted by the Scheme

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the scheme accounting periods beginning on or after 1 January 2009:

NZ IFRS 8 Operating Segments (effective from 1 January 2009). NZ IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Scheme will apply NZ IFRS 8 from 1 July 2009. This is not expected to have any impact as the Scheme operates in only one business segment and one geographical location.

NZ IAS 1 Presentation of Financial Statements (revised). The amendment requires a number of changes to the presentation and disclosures made in Financial Statements. It will not affect the measurement of amounts recognised in the financial statements. If the Scheme makes a prior period adjustment or reclassify items in the financial statements, the Scheme will need to disclose a third Statement of Net Assets which shows the financial position at the beginning of the comparative period.

NZ IAS 7 Financial Instrument Disclosures. NZ IFRS 7 (Amendment) Financial Instrument: Disclosures (effective for annual periods beginning on or after 1 January 2009). The amended NZ IFRS 7 introduces a three level hierarchy for fair value measurement disclosures and requires entities to provide additional disclosures about the relative reliability of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. The amendment is not expected to have a material impact on the Plan.

Accounting Policies

The following are the significant accounting policies which have been adopted in the preparation of the financial statements:

There have been no changes in accounting policies during the current year.

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

2. Summary of Significant Accounting Policies (Cont'd)

Investment Income

Interest, dividends and distributions from unitised investments are taken to income on a due and receivable basis and is included as part of net gains or losses of Scheme investments. Interest income is recognised in the Statement of Changes in Net Assets using the effective interest method.

Net realised and unrealised gains and losses are recognised in the Statement of Changes in Net Assets in the year in which they occur.

Foreign Currencies

Transactions in currencies other than NZ dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance date, assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance date. Gains and losses arising on retranslation are included in changes in net assets for the year.

Expenses

All expenses are accounted for on an accruals basis.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Scheme's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Net Assets liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of changes in net assets.

AMP Superannuation Investment Trust pays income tax on those investments held in a tax paid fund. Expenses paid from the scheme are transferred to AMP Superannuation Investment Trust and a tax credit claimed in accordance with section DV2(2) of the Income Tax Act 2004.

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

2. Summary of Significant Accounting Policies (Cont'd)

Financial Instruments

(i) Classification

The Scheme's investments are categorised as at fair value through profit or loss. They comprise:

Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in unitised trusts. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy.

Financial assets and liabilities held for trading purposes

These include financial assets that are held for trading purposes and which have been acquired principally for the purpose of selling or repurchasing in the near term and:

- Are part of an identified portfolio of financial instruments that the group manages together and has a recent pattern of short term profit taking.
- Is a derivative that is not designated and effective as a hedging instrument.

Derivative Financial Instruments

The scheme activities expose it primarily to the financial risks of changes in foreign currency rates and interest rates. The Scheme may use foreign currency forward contracts and interest rate swap contracts to hedge these exposures. The Scheme does not use derivative financial instruments for speculative purposes. Derivative financial instruments are held at fair value through profit or loss and are classified as held for trading.

(ii) Recognition/Derecognition

The Scheme recognises financial assets and financial liabilities on the date it become party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership.

(iii) Measurement

(1) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Changes in Net Assets.

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

2. Summary of Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

Investments in units of pooled investment funds are valued at the closing price released by the relevant investment manager.

(2) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables comprises of cash and cash equivalents, contributions receivable and investment income receivable.

Loans and receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance date to determine whether there is objective evidence of impairment for example, when there has been a significant or prolonged decline in the fair value below cost.

If any such indication of impairment exists, an impairment loss is recognised in the Statement of Changes in Net Assets as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write down, the write down is reversed through the Statement of Changes in Net Assets.

Financial assets and financial liabilities are recognised on the Scheme's statement of net assets when the Scheme becomes a party to the contractual provisions of the instrument. The Scheme shall offset financial assets and financial liabilities if the Scheme has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Net Assets.

Impairment of Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cashflow of the investment has been impacted.

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

2. Summary of Significant Accounting Policies (Cont'd)

The carrying value of the financial asset reduced by the impaired loss directly for all financial assets, with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

If, in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Changes in Net Assets to the extent the carry amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Other Payables

Other payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These amounts are unsecured and are usually paid within 30 days of recognition. These financial liabilities are recognised initially at fair value. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

Goods and Services Tax (GST)

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

Statement of Cash Flows

The cash flows of the Scheme do not include those of the investment managers. The following are definitions of the terms used in the Statement of Cash Flows:

Investing Activities - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash.

Operating Activities - include all transactions and other events that are not investing activities.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from other segments operating in other economic environments.

Promised Benefits

The liability for promised benefits is the Scheme's present obligation to pay benefits to members and beneficiaries. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at balance date. Promised benefits include amounts allocated to members' accounts and reserves.

Contributions and Withdrawals

Contributions and withdrawals are accounted for on an accruals basis. Contributions are recognised in the Statement of Changes in Net Assets when they become receivable, resulting in a financial asset to amounts owing. Contributions are recognised at fair value less any allowance to any uncollectible amounts.

Withdrawals are recognised in Statement of Changes in Net Assets when they become payable resulting in a financial liability to current payables.

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

2. Summary of Significant Accounting Policies (Cont'd)

Critical Judgement and Accounting Estimates

The Trustee has applied its judgement in selecting the accounting policy to designate financial assets and financial liabilities through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets as quoted market prices are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at year end. However as with all investments their value is subject to variation due to market fluctuations. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Liability for Promised Retirement Benefits

Changes in promised retirement benefits as at 30 June 2009:	Member Account NZ\$	Employer Account NZ\$	Reserve Account NZ\$	Total 2009 NZ\$
Balance 1 July 2008	22,548,712	38,906,756	20,758	61,476,226
Contributions	1,763,972	2,678,383	(5,108)	4,437,247
Benefits Paid	(1,564,232)	(2,586,382)	377	(4,150,237)
Net Income	-	-	(4,233,519)	(4,233,519)
Interest Allocated	(1,534,163)	(2,722,593)	4,256,756	-
Balance at 30 June 2009	21,214,289	36,276,164	39,264	57,529,717

Changes in promised retirement benefits as at 30 June 2008:	Member Account NZ\$	Employer Account NZ\$	Reserve Account NZ\$	Total 2008 NZ\$
Balance 1 July 2007	24,027,523	41,784,686	14,378	65,826,587
Contributions	1,870,606	2,764,158	1,215	4,635,979
Benefits Paid	(1,633,421)	(2,624,688)	16,869	(4,241,240)
Net Income	-	-	(4,745,100)	(4,745,100)
Interest Allocated	(1,715,996)	(3,017,400)	4,733,396	-
Balance at 30 June 2008	22,548,712	38,906,756	20,758	61,476,226

Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2008:Nil)

4. Vested Benefits	2009 NZ\$	2008 NZ\$
	57,403,635	61,374,095

Vested Benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Scheme at balance date.

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

5. Financial Assets at fair value through Profit & Loss	2009	2008
	NZ\$	NZ\$
<i>Financial assets/(liabilities) held for trading</i>		
Forward Foreign Exchange	90,731	(394,124)
Total Financial assets/(liabilities) held for trading	<u>90,731</u>	<u>(394,124)</u>
<i>Designated at fair value through profit or loss</i>		
AMP Capital Investors NZ Limited		
AMP Investment Trust -Short Term Deposits	19,758,240	10,372,294
AMP Investment Trust -New Zealand Fixed Interest	5,308,920	9,124,924
AMP Investment Trust -International Fixed Interest	7,322,248	9,243,798
	<u>32,389,408</u>	<u>28,741,016</u>
Nabinvest Capital Partners		
National Corporate Investment Trust -International Equities	10,380,813	12,270,109
	<u>10,380,813</u>	<u>12,270,109</u>
AXA Global Investors		
International Equity Index Fund	5,872,914	10,733,213
	<u>5,872,914</u>	<u>10,733,213</u>
ING (NZ) Limited		
ING Unit Trusts	6,944,450	8,876,860
	<u>6,944,450</u>	<u>8,876,860</u>
Total Designated at fair value through profit or loss	<u>55,587,585</u>	<u>60,621,198</u>
Total Financial Assets at fair value through Profit & Loss	<u>55,678,316</u>	<u>60,227,074</u>
6. (Losses)/Gains on Fair Value Through Profit & Loss Assets	2009	2008
	NZ\$	NZ\$
AMP Capital Investors NZ Limited	2,242,042	875,337
Nabinvest Capital Partners	(2,286,670)	(382,064)
AXA Global Investors	(3,999,168)	(2,596,389)
ING (NZ) Limited	(850,518)	(2,516,599)
	<u>(4,894,314)</u>	<u>(4,619,715)</u>
7. Total Operating Revenue	2009	2008
	NZ\$	NZ\$
Net Investment Loss	(4,719,751)	(4,569,991)
	<u>(4,719,751)</u>	<u>(4,569,991)</u>

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

8. Income Tax

	2009 NZ\$	2008 NZ\$
Current tax	2,732	(204,248)
Deferred Tax	678,862	205,755
	<u>681,594</u>	<u>1,507</u>

The total charge for the year can be reconciled to the change in net assets as follows:

Change in Net Assets before Tax and membership activities	<u>(4,915,113)</u>	<u>(4,743,593)</u>
Income Tax @ 30% (2008:33%)	(1,474,534)	(1,565,386)
Tax effect of:		
Non Assessable Investment Gains and Losses	889,601	1,664,568
Use of Money Interest	(2,573)	-
Non Deductible Expenses	-	1,560
Imputation credits received	(89,938)	(99,235)
	<u>(677,444)</u>	<u>1,507</u>
Less prior period adjustment	4,150	-
Income Tax Expense	<u>(681,594)</u>	<u>1,507</u>

Current tax represented by:

Opening Balance	336,655	(1,099,402)
Prior period adjustment	2,732	177,296
Tax on gains/losses	677,444	26,952
Transfer to credits receivable	-	(26,952)
Deferred Tax transfer	(677,444)	(3,239)
Less Terminal tax paid	(10,000)	1,262,000
	<u>329,387</u>	<u>336,655</u>

Deferred Tax

Opening Balance	-	202,517
Prior Period Adjustment	1,418	(177,296)
Current Year Movement	677,444	(28,459)
Transfer From Deferred Tax	-	3,238
Closing Balance	<u>678,862</u>	<u>-</u>

There has been a change in the current tax rate under New Zealand tax law when compared with the previous reporting period from 33% to 30% effective 1 April 2008.

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

9. Reconciliation of Net Cash Flows from Operating Activities to Increase Net Assets	2009 NZ\$	2008 NZ\$
Decrease in Net Assets	(3,946,509)	(4,350,361)
Non-cash Items		
Changes in net market value of investments	4,496,940	3,983,465
Dividends and interest income received as units	(282,443)	(524,970)
Investment managers fees deducted as units	85,200	70,484
Tax credits received as units	(26,952)	-
Movements in Other Working Capital Items		
Decrease in Sundry Receivables	114,931	609,453
Decrease/(Increase) in Contributions Receivable	56,466	(90,983)
Decrease/(Increase) in Income Tax Receivable	7,268	(336,655)
Decrease in Income Tax Payable	-	(1,099,402)
Decrease/(Increase) in Tax Credits Receivable	26,952	(26,952)
(Increase)/Decrease in Deferred Tax	(678,862)	202,517
Increase/(Decrease) in Benefits Payable	189,448	(166,468)
Decrease in Contributions Refundable	(1,685)	(450)
Decrease in Sundry Creditors	(21,190)	(73,629)
Investment Managers Fees (cash)	26,182	35,798
NCIT Capital Gain reinvestment into units	282,443	397,496
Net Cash Flows from Operating Activities	328,189	(1,370,657)

10. Reserve Account

Pursuant to the Trust Deed, the Trustees shall establish a Reserve Account which shall be credited with the following:

- a) any amount not paid to a member upon ceasing employment with the Employer;
- b) any unclaimed benefit;
- c) any unallocated funds transferred in from another superannuation scheme;
- d) the Reserve Account's share of the Scheme's earnings or loss;
- e) any profit share or other interest allocated by the Scheme's investment manager and not otherwise allocated to members' accounts.

The Trustees may, at their discretion, apply any part or the whole of the Reserve Account to:

- a) increase on an equitable basis the total credits of all members;
- b) provide benefits other than retirement benefits for all members on an equitable basis;
- c) pay all or part of the contributions to the Scheme of the Employer for all members on an equitable basis;
- d) payment of expenses of the administration of the Scheme;
- e) pay all or part of the insurance premiums payable under the Scheme;
- f) in such other manner as is permitted from time to time under the Trust Deed.

11. Financial Risk Management

The Scheme is involved with a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies.

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

11. Financial Risk Management (cont'd)

The Trustees have approved a Statement of Investments and Portfolio Objectives which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustees and asset reallocations undertaken as required.

Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Scheme's accounting policies.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Plan manages this by investing in AMP Capital Investors NZ Limited, Nabinvest Capital Partners, AXA Global Investors and ING (NZ) Limited. There are no restrictions on the redemption of units and they may be redeemed for cash at any time, subject to the approval of the Trustees.

Funds held in foreign exchange contracts may be redeemed within a week.

Capital Risk Management

The Scheme's primary purpose is to ensure that the net assets available to pay benefits is sufficient to meet all present and future obligations of the Scheme, as defined by the liability for promised benefits. The Scheme achieves this through obtaining contributions from members and participating employers and investing these in investments disclosed in note 5.

Currently the scheme is in a position where net assets available to pay benefits exceeds the liability for promised benefits, including that the capital management process is operating effectively.

The total value of net assets available to pay benefits have decreased by \$3,946,509 (2008 decrease: \$4,350,361) due to the decrease in the value of investments.

Credit Risk

Financial instruments which potentially expose the Scheme to credit risk consist of cash and short term deposits, fixed interest securities and receivables and, indirectly, investments in unitised products which invest in cash and fixed interest investments. The maximum exposure to credit risk is the carrying value of these financial instruments. The significant counterparty of the Scheme is its investment managers AMP Capital Investors NZ Limited, Nabinvest Capital Partners, AXA Global Investors and ING (NZ) Limited, which the Trustees consider to be financial institutions of high quality. The investments are held in trust by the investment managers for the benefit of the Scheme. The managers maintain diversified investment portfolios in accordance with the portfolio mix adopted by the Trustees.

The current Standard & Poors credit rating for each of the investment managers parent companies is contained on the table below:

Investment Manager	Parent Company	Rating
AMP Capital Investors NZ Ltd	AMP Group Holdings	A
Nabinvest Capital Partners	National Australia Bank	AA
AXA Global Investors	AXA Asia Pacific Holdings Ltd	AA-
ING (NZ) Ltd	ING Groep N.V	AA-

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

11. Financial Risk Management (cont'd)

Market Risk

The Plan is exposed indirectly to foreign exchange risk, interest rate risk and other price risks through its investments. These investments are unitised and the underlying securities comprise cash, domestic and international equity instruments, New Zealand commercial property and domestic and international fixed interest securities.

Currency Risk

The Scheme is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products which invest in foreign currency denominated investments. The Scheme is also exposed to currency risk in respect of indirectly held investments denominated in a foreign currency. As at balance date the Scheme's exposure to currency risk was as follows:

	2009 NZ\$	2008 NZ\$
Indirect		
Overseas Fixed Interest Securities	7,322,248	9,243,798
Overseas Shares	16,253,727	23,003,322
Direct		
Forward Foreign Exchange Contracts (Fair Value)	90,731	(394,124)
	<u>23,666,706</u>	<u>31,852,996</u>

Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustees.

Interest Rate Risk

The Scheme is exposed to interest rate risk in that future interest rate movements will affect cash flows and net market values of fixed interest assets and, indirectly, the valuation of investments in unitised products which invest in cash and fixed interest investments. As at balance date the Scheme's exposure to interest rate risk was as follows:

	2009 NZ\$	2008 NZ\$
Indirect		
Overseas Fixed Interest Securities	7,322,248	9,243,798
New Zealand Fixed Interest Securities	5,308,920	9,124,924
Deposits	19,758,240	10,372,294
	<u>32,389,408</u>	<u>28,741,016</u>

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

11. Financial Risk Management (Cont'd)

Interest rate risk management activities are undertaken by the investment manager in accordance with the investment mandate set by the Trustees.

Financial Assets and Liabilities at 30 June 2009	Held for Trading	Designated at Fair Value Through Profit or Loss	Loans and Receivables	Amortised Cost
	NZ\$	NZ\$	NZ\$	NZ\$
Financial Assets				
Short trading		19,758,240		
Fixed Interest - local		5,308,920		
Fixed Interest - international		7,322,248		
Available for sale financial assets		23,198,177		
Forward foreign exchange	93,941			
Cash and cash equivalents			249,294	
Contributions - receivable			181,934	
Investment income receivable			282,443	
Income tax receivable			329,387	
	93,941	55,587,585	1,043,058	-
Financial Liabilities				
Contributions - refundable				448
Benefits payable				349,269
Forward foreign exchange	3,210			-
Trade and other payables				45,802
Income tax payable				-
	3,210			395,519

Financial Assets and Liabilities at 30 June 2008	Held for Trading	Designated at Fair Value Through Profit or Loss	Loans and Receivables	Amortised Cost
	NZ\$	NZ\$	NZ\$	NZ\$
Financial Assets				
Short trading		10,372,294		
Fixed Interest - local		9,124,924		
Fixed Interest - international		9,243,798		
Available for sale financial assets		31,880,182		
Forward foreign exchange	-			
Cash and cash equivalents			478,717	
Contributions - receivable			238,400	
Investment income receivable			397,374	
Income tax receivable			363,607	
	-	60,621,198	1,478,098	-
Financial Liabilities				
Contributions - refundable				2,133
Benefits payable				159,821
Forward foreign exchange	394,124			-
Trade and other payables				66,992
Income tax payable				-
	394,124			228,946

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

11. Financial Risk Management (Cont'd)

Derivative financial instruments

A derivative instrument is a contract whose value depends on (or derives from) the value of an underlying asset, reference rate or index.

The Scheme may use derivatives as part of its normal investment management procedures. Derivatives are principally used as a means to hedge against market movements. The most commonly used derivatives are swaps and foreign exchange contracts.

The table below details the effective exposure and fair value of investment management derivatives for the Scheme. The effective exposure provides an indication of the Scheme's exposure to various asset classes through the use of derivative instruments. The fair value in the table below gives no indication of the ultimate gain or loss that will occur upon settlement of the derivatives, as the ultimate gain or loss will depend on the applicable market price at the time of settlement.

	NZ\$ Fair value	NZ\$ Notional value
2009		
Foreign currency	90,731	8,520,000
	<u>90,731</u>	<u>8,520,000</u>
2008		
Foreign currency	(394,124)	16,800,000
	<u>(394,124)</u>	<u>16,800,000</u>

Derivatives held by the Scheme are valued on a mark-to-market basis, which involves the calculation and recognition of unrealised gains and losses on all current positions. Accordingly, the balance sheet reflects all unrealised gains and losses on derivatives held by the Scheme.

12. Sensitivity Analysis

A 1% increase/(decrease) in the market value of investments would have an impact on the value of the Scheme's net assets. Any of these changes would have the opposite directional impact on the value of the Scheme's liability for member benefits.

	2009	2008
+1%	556,783	602,271
-1%	(556,783)	(602,271)

A 1% increase/(decrease) in the value of the New Zealand dollar against other foreign currencies would have an impact on the value of the Scheme's net assets.

	2009	2008
+1%	83,455	170,244
-1%	(85,148)	(173,672)

WORKS SUPERANNUATION SCHEME

Notes to the Financial Statements For the Year Ended 30 June 2009

13. Key Sources of Estimation Uncertainty

The Trustee has applied its judgement in selecting the accounting policy to designate financial assets and financial liabilities through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets as quoted market prices are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at year end. However as with all investments their value is subject to variation due to market fluctuations.

14. Commitments and Contingent Liabilities

There were no material commitments or contingent liabilities outstanding as at 30 June 2009. (2008: Nil).

15. Related Parties

The Scheme holds no investments in any of the employer companies or any of its related parties and during the year had no related party transactions except for the receipt of employer contributions of \$2,675,050 (2008: \$2,764,776), on behalf of the Trustee's listed in Note 1. These contributions were made in accordance with the Trust Deed.

16. Events After Balance Date

There have been no material events after balance date that require adjustment to or disclosure in the financial statements. (2008: Nil).