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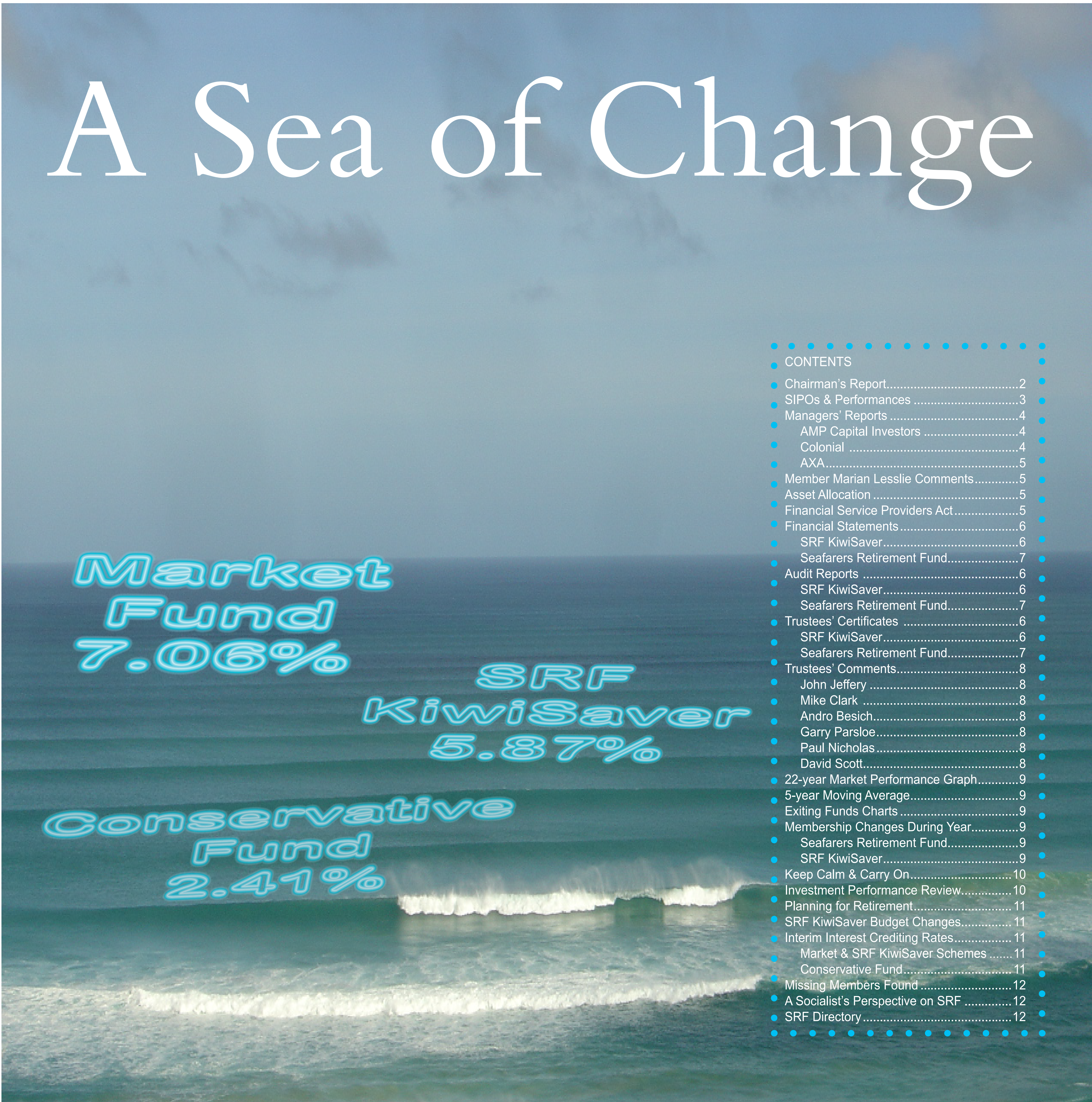
SEAFARERS RETIREMENT NEWS

Returns Meet Expectations

On All Fronts

Annual Report of the Seafarers Retirement Fund and SRF KiwiSaver Scheme For Year Ended March 31, 2011



A Sea of Change

Market Fund 7.06%

SRF KiwiSaver 5.87%

Conservative Fund 2.41%

CONTENTS

Report from The Chairman David Scott

All Sectors Positive, if only Modestly So

We have emerged from a difficult year that has been filled with natural disasters, economic challenges, both local and international, and subdued investment returns. Against this backdrop, the Seafarers Retirement Fund Market Fund returned 7.06%, the Seafarers Retirement Fund Conservative option returned 2.41% and the SRF KiwiSaver returned 5.87%. These returns met expectations.

We have seen the human tragedies of the earthquakes in Christchurch in September and the more severe one in February taking both life and destroying people's property. We have seen the Pike River mine explosion and the loss of life there, and the impact of this on the West Coast community. These disasters were followed by the extremely large quake in March in Japan that destroyed vast areas, and the resultant massive loss of life both from the quake and the following tsunami. All of these events are not only human tragedies but economic ones, and someone has to pay to put them right. These disasters affected the investment markets in different ways and for different lengths of time.

Investment Returns

As I predicted in last year's Annual Report, returns would be much in the area of five to six percent which has proven pretty accurate. Last year's returns were very unlikely to be repeated, because with the higher asset values came greater economic challenges to the markets. Some of the issues from last year were not fully resolved such as the European debt crises, the British, US and other western government budget deficits, falling house price markets, and general economic uncertainty about the sustainability of the recovery.

One of the more unusual features of this year's pre-tax returns was that all sectors were positive and at levels that were expected. Overseas equities managed by AXA returned 5.7%, Australasian equities managed by AMPCI returned 6.2% and those managed by Colonial First State returned 4.0%. Our property returned 9.9%, New Zealand bonds managed by AMPCI, returned 7.0%. Overseas Bonds managed by AXA, returned 7.4%, and cash returned 4.3%.

Of the investment managers, only AXA did not reach their performance targets over the preceding three years as specified in the Statement of Investment Policies and Objectives (SIPO). This was in respect of International Shares where they missed by 0.2% p.a and International Bonds where they missed by 0.9% p.a.

The World Economy

The global economic recovery has continued through the year and grew last year by 5%. It is expected to grow by 4.5% next year. We are now seeing a two-stage recovery depending on whether it is developing economies or developed economies we are talking about. In developing economies where the impact of the global financial crisis was much less, we are seeing solid growth and this is expected to continue well into the future. However, in developed economies, growth is more subdued.

There are a number of challenges into the future. The Japanese earthquake and tsunami will provide a sharp setback to their economic activity – however they are only 6% of global economic activity. In the Middle East, we have seen conflict that has pushed oil prices upwards. But the conflict appears to be contained now and oil prices have stabilised and the higher prices can be lived with. Inflation in the past year has surged, especially in food and fuel prices. The food prices are expected to soften in the second half of the year with increased production. However, underlying inflation is expected to only gradually increase due to spare capacity, low wage growth, and increasing interest costs. There is concern that the Chinese economy may have created a bubble, however the authorities there have proven very adept at managing the economy, and a sharp downturn in growth is not expected. The US housing market remains very weak, with prices still falling and sales and starts plumbing new lows. However, the worst appears to be over, evidenced by a fall-off in mortgage delinquency rates and foreclosures. The US Federal Reserve will have to exit from its easy monetary policy at some stage and this may cause nervousness amongst investors. However, the US have indicated that they intend to keep present policy for an extended period. European debt problems have raised their ugly head again, especially in Greece and now Portugal. However, bond yields have changed little, which suggests that this issue may have been contained. Public debt in the US is an issue that will have to be tackled, as the amount being borrowed will push up interest rates and restrain medium-term growth. A much-needed reduction in debt is expected to be addressed after the presidential election next year.

This list of threats however is unlikely to prevent decent gains from share investments over the year ahead, experts believe. However, oil prices, inflation, US public debt and the Federal Reserve's monetary tightening will all need to be closely watched.

New Zealand Economy

Over the second half of 2010, the economic recovery struggled to gather any momentum. The housing market and consumer spending remained subdued, and business confidence was low with reluctance to invest.

The economy for the 12 months ending March 2011 has only grown by 0.8%. However, inflation is now running at an annual rate of 4.5% partly as a result of the increase in GST of 2.5%. By some estimates, the two Christchurch earthquakes are expected to have a total cost of $20 billion, which is 10.5% of New Zealand's total annual GDP.

However, despite all this, export commodity prices remain at high levels, and the Rugby World Cup should provide a boost to activity towards the end of the year, as will a building boom. These factors should see a gradual increase in consumer and business confidence, resulting in strong economic growth in New Zealand. These factors should also underpin the New Zealand share market as valuations show that it offers good value.

Trustees' Role and Action over the Year.

David McPherson resigned as a trustee in July and died in October after a battle with cancer. He will be missed as a friend by all of the trustees for his work for the SRF, and his bright and cheery disposition. I was present at his well-attended funeral and wrote to his family extending our sympathies.

We have started a process to develop formal policy procedures for the SRF. The first two have been agreed by the trustees covering expense approvals and trustees' training. The training will require all trustees to complete the two-day trustees' course run by Workplace Savings New Zealand.

The SRF became covered by the new Financial Service Providers Act 2008 and this meant that the Fund had to become registered, as did all of the trustees. We also had to belong to a disputes resolution service for any member disputes that we were unable to resolve. We joined Financial Services Complaints Limited.

The lease on the building that we own in Mt Wellington was extended to Estée Lauder, the tenant, for a further 3 years. This arrangement was satisfactory to both parties in the current economic environment.

We have had the usual problems with members making contributions to the SRF without completing the paperwork. Most of this happens out of New Plymouth in the offshore industry. We have been working closely with the employers up there and a former trustee to try to reduce the problem and this seems to be working.

The lack of SRF KiwiSaver membership is still a cause for concern with only 43 members, however this is an increase on last year when we had 22. During the year, the trustees had to deal with the first KiwiSaver hardship withdrawal application.

Our International share and bond investments that were run by AXA independently, were transferred into their own AXA investment products in December. This was just really an administration issue. We were also notified by Colonial that they wanted to wind up their Australasian share investment product, so we will be looking for a new manager for the money we have with them. As a result of this, I decided it was an opportune time to review our investment strategy as it had been in place for 11 years. The motivation was to see what had happened, why it had happened, and

Continued over >>

1-year SRF KiwiSaver Performance

5.87%

1-year Market-linked Investment Performance

7.06%

1-year Conservative Fund Performance

2.41%

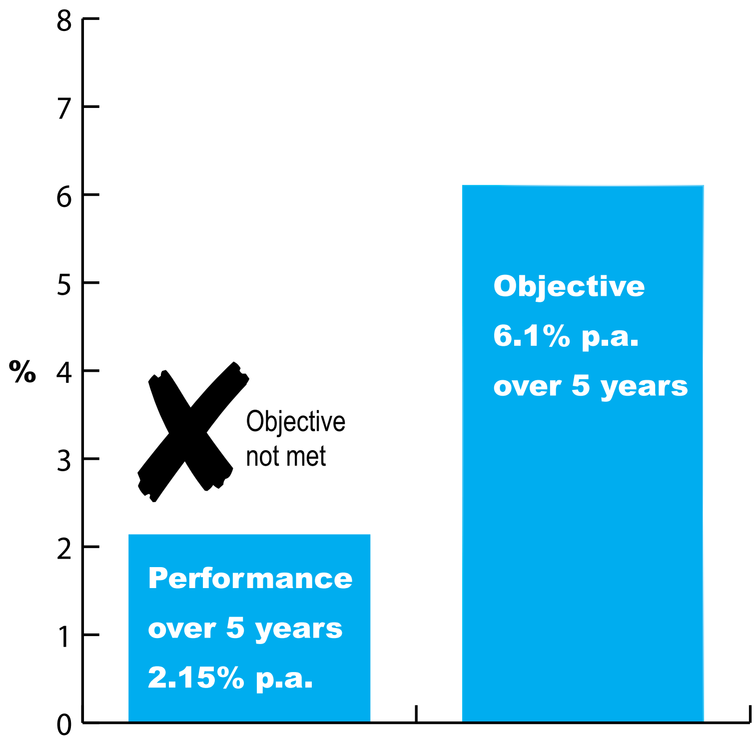
Property Performance 1 year (before tax)

9.9%

Report on **The SIPOs Statements of Investment Policy & Objectives**

Market Fund Achieves 7.06%

The year's performance by the Market Fund has been 7.06%. However, our stated objective (SIPO) is to achieve a return, net of fees and tax, over five years, of at least 3% p.a. plus the rate of inflation. This means our 5-year average needed to exceed 6.1%. It was in fact 2.15%.



Coservative Fund Comes in at 2.41%

The Conservative Fund has made a return of 2.41% for the 2010/11 financial year. The Conservative Fund's objective is that it will not suffer a negative return in one year (except in exceptional circumstances). So on that basis, the Conservative Fund has passed its own test.

Conservative Fund met its objective

KiwiSaver Return Hits 5.87% for year

The SRF KiwiSaver fund has a SIPO that has a 5-year timeframe. However, because KiwiSaver does not yet have a five-year history, the relevant comparison between performance and objective cannot be provided.

All Sectors Positive

Chairman's Report Continued from page 2

how the SRF returns compared to other funds. The main issues that this review showed up were the poor returns we had received from the International Share sector. There were two reasons, the first being poor underlying investment returns, and the second being that we had made a decision to leave the investment unhedged – as a consequence, the rising New Zealand dollar had hurt returns. This review will continue this year and more about the review results can be found on page 10 of this annual report.

Outlook for 2012

The outlook for this year is probably slightly better than last year, as some of the major issues from the Global Financial Crisis have been recognised and are being addressed both in New Zealand and the rest of the world.

The world economy is expected to grow at about 4.5% as we are expected to slowly swing into the start of the growth phase of the economic cycle. The big challenges are expected to be inflation, low demand, government budget deficits, high energy prices and public debt. All of them will be addressed in one form or another. However, the biggest challenges will be the ones that we have not identified and will have to be met during the year.

The New Zealand economy is expected to grow 3% with inflation of 3-4% in 2012 and is well placed for a gradual recovery. The Rugby World Cup will provide a boost to tourist dollars, the recovery of Christchurch will increase economic activity for years to come, lower interest rates will boost housing from its slumbers. Household spending, however, will remain restrained due to uncertainty, export earnings especially from commodities, will remain strong, and rural income is very strong and expected to flow through to other parts of the economy. Against these positives in the short term, income increases will remain subdued until households and farmers become more comfortable with the amount of debt that they are carrying and have the confidence to spend more.

All of this should mean that equities and property will perform well, and bonds should make modest gains. I would expect the Seafarers Retirement Fund Market and SRF KiwiSaver to return between 4 and 7% and the Conservative Fund to return 2-3%.

Acknowledgements

Over the past year, there are many contributors who helped make the running of the SRF successful. From Aon Hewitt, John Hammond, Bernie Higgins, Charles MacDonald, Cheryl Styles and Lisa Bufton. From our investment managers, Aaron Klee from AXA, Austin Fisher from ASB (Colonial) and Rebekah Swan from AMPCI.

A special acknowledgement to my fellow trustees, Andro Besich, Mike Clark, John Jeffery, Paul Nicholas and Garry Parsloe. They not only attend six meetings a year, but also put in a great deal of work dealing with issues and making decisions between meetings.

Everyone associated with the SRF can be very proud of how it is run, and the results for the past year.

David Scott
Chairman

Australasian Equity return from Colonial, p.a. gross	Australasian Equity return from AMPCI, p.a. gross	Overseas Equity return from AXA, p.a. gross	International Bond return from AXA, p.a. gross
4.0%	6.2%	5.7%	7.4%

Report from AMP Capital Investors

AMP Capital Investors manage three asset classes for the SRF:

- NZ Cash
- NZ Bonds
- NZ Shares

Muted, Mixed and Unspectacular

The year continued in much the same vein as the previous one – namely, improving appetite for risk and an economic recovery. It has not been a smooth journey, with noticeable weakness in the markets in the early part of the year, and at the end of the year. Generally, though, shares and global property have continued to post larger returns than the more defensive asset classes, bonds and cash.

New Zealand cash

The Official Cash Rate (OCR), which is the base rate for overnight transactions with the Reserve Bank, largely influences the return on short-term investments. Investors earn a 'premium' over the OCR for taking on repayment risk and for committing their funds for longer terms (such as 90 or 180 days).

At the start of the year, the discussion was around when (not if) the OCR would be raised, and also by how much. The Christchurch earthquakes not only postponed any rate rises, but in fact resulted in the OCR being reduced back down to 2.5%. Investors have, however, been able to achieve higher returns than the OCR (to varying degrees) through the premiums offered by banks for term deposits.

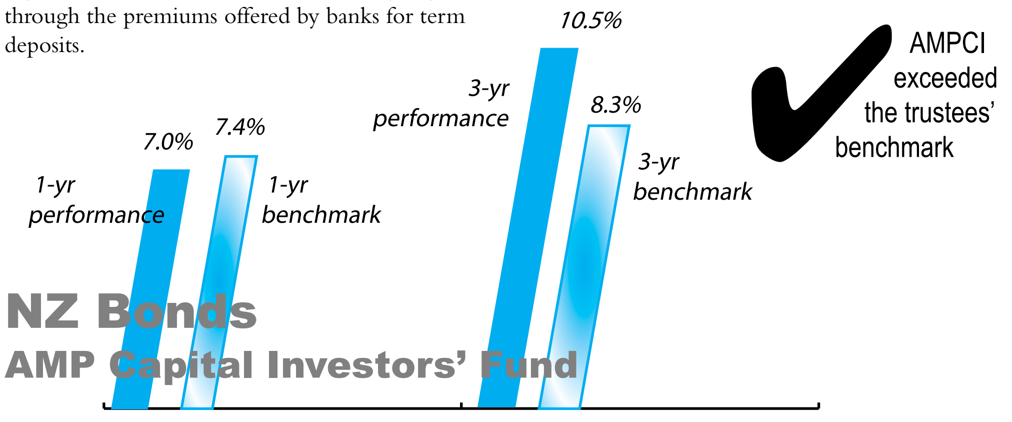
New Zealand Bonds

Returns from bond investments (such as government stock and corporate bonds) are a combination of interest income and capital gains or losses as market yields fall (generating gains) or rise (generating losses).

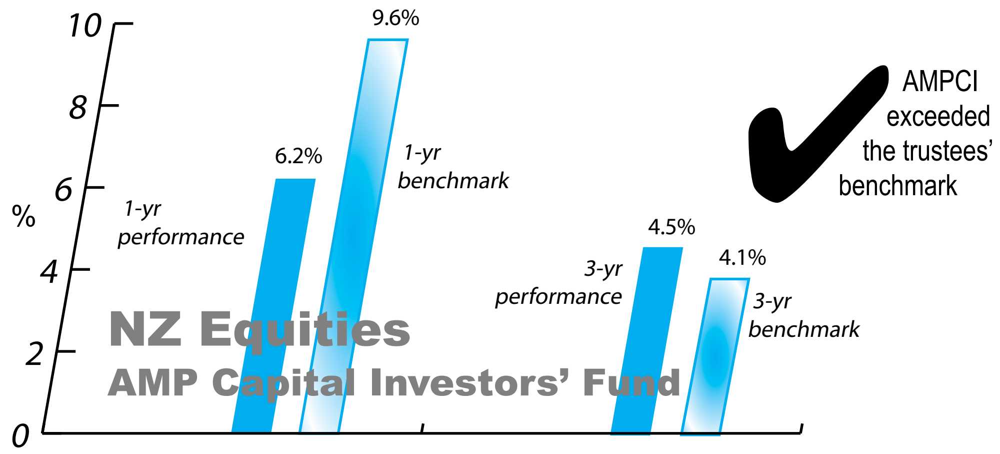
Globally we started to see the yields on government debt start to rise as investors became less risk-averse. The increasing issuance of government debt and concerns over sovereign solvency in some areas were also contributing factors. This led to muted returns from the sector. Offsetting this was the continued contraction in yields from the corporate and mortgage sectors.

New Zealand shares

The market has slowed from the strong gains earned since the bottom of the global financial crisis in early 2009. Over the year, returns for the New Zealand market were in single digits, but with marked divergence between the best and worst performing stocks. New Zealand shares remain good value relative to cash and bonds, but this probably says more about cash and bonds than the equity market. We believe that, in line with global recovery, New Zealand shares will continue to provide good returns for investors with active managers able to add value through astute stock selection.



The Benchmark is ANZ Gov Bonds + 0.5%



The Benchmark is the NZX 50 + 3.0% p.a.

Report from Colonial First State

Colonial First State manages an Australasion Equity Fund for the SRF

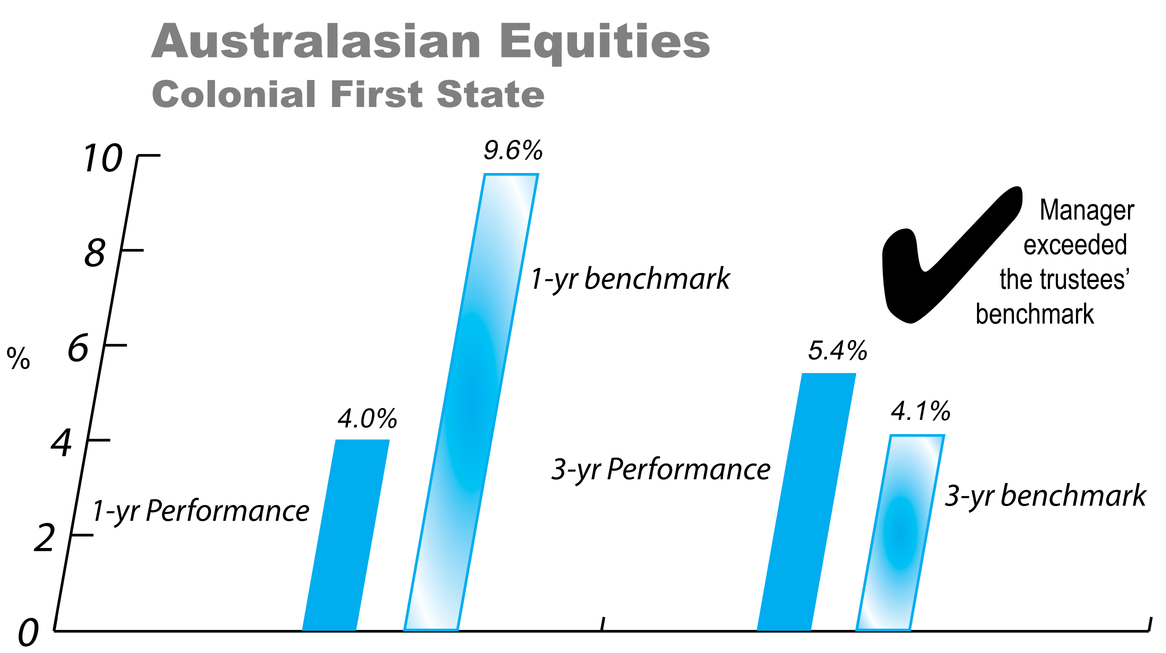
Three Years Deliver 5.4% p.a.

The past twelve months saw sharemarkets continue to rise as historically low interest rates worldwide and stimulus packages (such as quantitative easing in the US) continue to encourage investor risk appetites. Corporate earnings in the US beat expectations for the eighth straight quarter.

Despite the March 2011 quarter experiencing a number of events such as tragic earthquakes in Japan and Christchurch, geopolitical concerns in the Middle East and North Africa, the NZ sharemarket finished at its highest point in three and half years.

The Australasian Shares Fund has delivered a return of 4% over 1 year and 5.4% over 3 years. The Fund will continue to invest in growing companies which are generating consistent returns and reinvesting above their cost of capital. The Fund believes companies with these characteristics will generate superior returns over time. At the end of March, the Fund's assets were almost evenly split between Australia and New Zealand. The Fund has increased its investment in CSL, Qantas, Amcor, Cochlear and Wesfarmers.

The Australian sharemarket continues to remain reasonably valued. Investor sentiment towards Australasian sharemarkets will depend on future economic data releases both in Australasia and worldwide.



The Benchmark is the NZX 50 + 3.0% p.a.

Report from **AXA** redefining / standards

AXA manages two asset classes for the SRF:

- International Equities
- International Bonds

Strategies Add Value, Minimise Losses

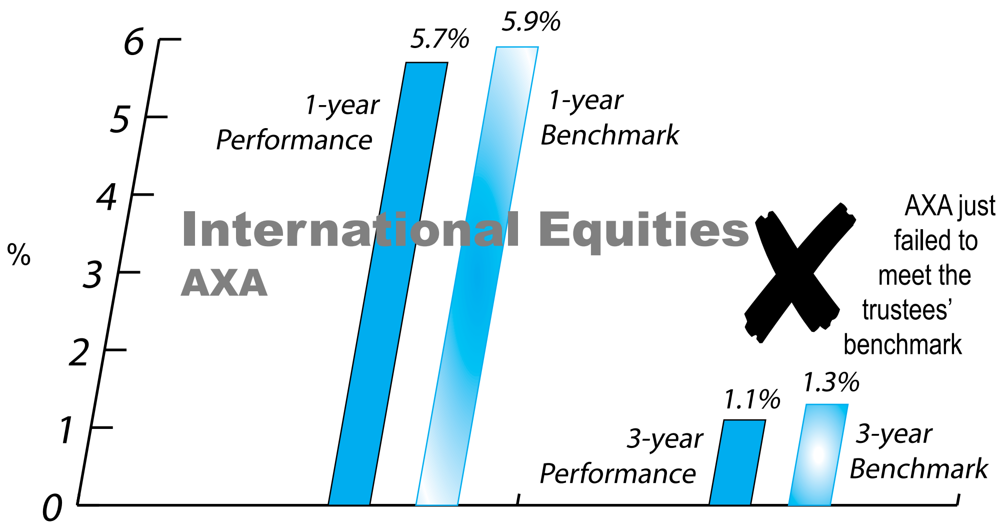
The Global Financial Crisis reared its ugly head about October 2007. It set off a mix of uncertainty, volatility, trepidation, currency swings and government interventions. It has made for a relatively difficult environment for investors as a rather uncertain recovery took its course. In the circumstances, the results for the two portfolios have been satisfactory.

Global Bonds

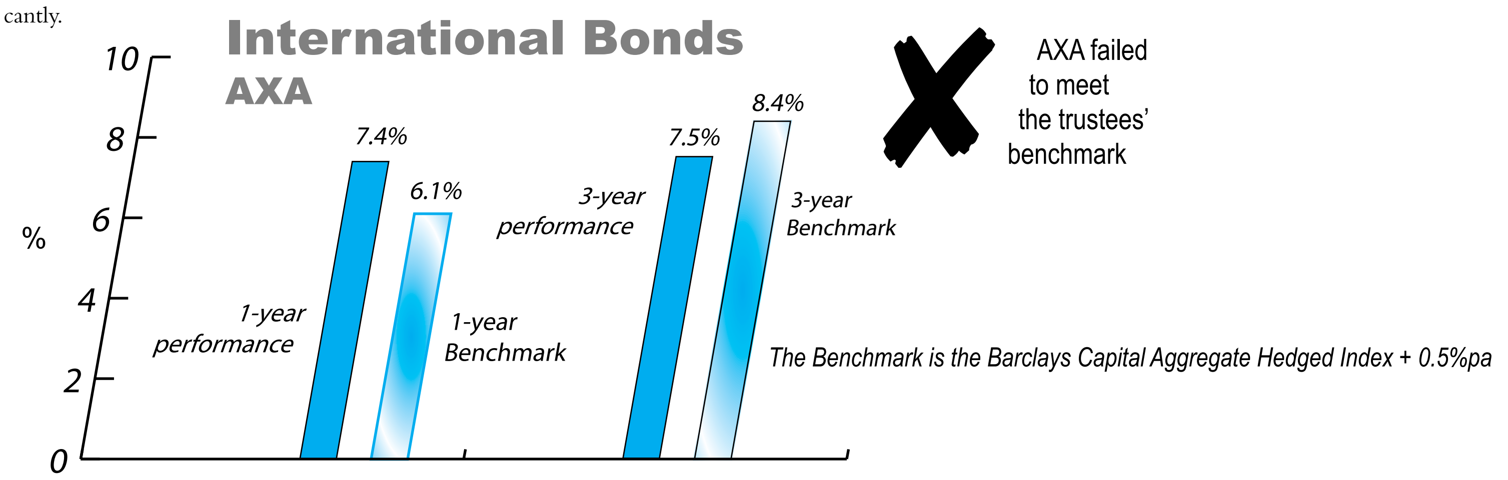
The overseas bond portfolio performed well over the March 2011 year in both absolute and relative-to-benchmark terms by achieving a return of 7.4%. Global bond rates have been volatile over the year, with the US 10-year Treasury bond trading between 2.5% and 4%. This volatility was driven by geopolitical events, natural disaster, changing investor expectations and confidence around the strength and sustainability of the global economy through the year. The managers of the portfolio have added value through remaining overweight in the US, Australian and core European markets and underweight in Japan and peripheral Europe. In Japan, yields remain at very low levels and peripheral Europe was negatively impacted by the sovereign crises of Portugal, Greece and Ireland in particular. Value was also added through holding selective investments in quality debt issued by financial institutions (including banks) with much improved balance sheets and profitability. Over the last three years, the overseas bond portfolio has posted a solid return, having survived the Global Financial Crisis and recovered much of the ground lost when global credit spreads widened significantly.

Overseas Equities

The passive overseas equities portfolio of close to 1600 stocks from 23 countries has performed closely in-line with index as expected. Over the twelve months to the end of March 2011, the portfolio posted a return of 5.7%; continuing on the recovery path since the index reached its low in early March 2009 after falling from an all-time high at the end of October 2007. Negatively impacting on returns was the strength of the New Zealand dollar which appreciated 6.7% against the US dollar over the year. Globally, governments have provided the stimulus necessary to kick start their economies, which equity investors have looked upon positively. As expectations have changed on the strength of the recovery, so has the return on the global equity market. Over the last three years, the portfolio has returned 1.1% p.a., with the latter two years being recovery years since the 20% fall in 2009. The NZ dollar depreciated 3% over the last three years, which enhanced the overall overseas equity return in NZ dollar terms. The NZ dollar reached a low for the three-year period in early March 2009 (0.4927), which coincided with the low for the MSCI World index and hence provided a good buffer to the 37% negative return for overseas equities in the March 2009 year.



The benchmark is the MSCI World Unhedged Index



Marian Wishes She'd Started Earlier

My name is Marian Lesslie and I work for the Interislander as a 2nd cook on the *Kaitaki*. I have been a member of the union for 10 years and been in the SRF for 9 years.

Looking back over the years, I wish now that I had started a retirement fund years earlier. But when you are young and start out in the work force, it's the last thing you think about. I never miss the payments that get taken out of my regular pay – the way I see it, if you don't see it, you don't miss it. At least I know that I will have a nice little nest egg when I retire.

One of the other big benefits I found with the SRF is the employer's contribution. We are very lucky to have an employer that does pay into our retirement fund. In this day and age, every bit helps. I tell a lot of young members that they should join the SRF ASAP as, in the long run, they will be better off.

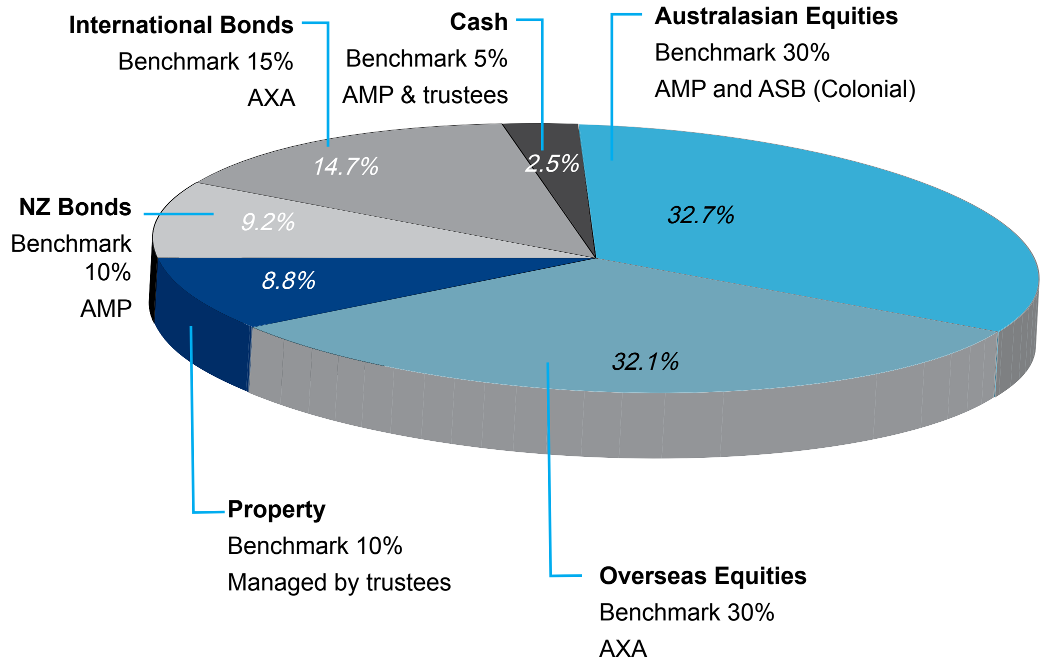
Retirement funds should be taken seriously as we do not really know what is going to happen in the future. We don't know for sure what the pension will be like when we do get to that age when we have to retire. So if someone you work with asks if you are in the SRF, and you are not, I ask you to take the time and think long and hard about it. It is your future and every little bit you save will make a huge difference in the years to come.

Financial Service Providers Act 2008

This Act came about as a result of the recent spate of finance company collapses. The Government decided that the way to stop a repeat of this situation was to regulate financial service providers. As a result, the Seafarers Retirement Fund and the SRF KiwiSaver had to become registered by the Companies Registrar, as did all of the Trustees. All such registrations were completed before the deadline of December 2010. To be eligible for registration, Trustees had to belong to a disputes resolution service. Consequently, the Seafarers Retirement Fund and the SRF KiwiSaver joined up with Financial Services Complaints Limited. Their role is to try to mediate for a resolution in the event of an unresolved dispute between the trustees and a member. So far, no member has used this service.

Asset Allocations

The Trustees impose guidelines and disciplines to ensure that SRF funds are subjected to minimal risk. Diversification is a standard tactic in investing, and it is formalised by asset allocation guidelines. There are benchmark percentages that govern the way funds are allocated into the main asset categories. Whilst a small amount of divergence from the strict benchmarks is inevitable, adjustment is occasionally done by some minor selling and buying of different asset categories. This pie chart shows actual and benchmark allocation percentages. It also shows which managers are involved.



Summary Finan
for 20

SRF KiwiSaver
Poua he Oranga

Audit report

SRF KiwiSaver Poua he Oranga

To the members of SRF KiwiSaver Scheme

The accompanying summary financial statements on these pages 6 and 7, which comprise the summary statement of net assets as at 31 March 2011 and the summary statements of changes in net assets and cash flows for the year then ended, and notes, are derived from the audited financial statements of SRF KiwiSaver Scheme ("the scheme") for the year ended 31 March 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 29 June 2011. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the scheme.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

Our firm has also provided taxation services to the scheme. This has not impaired our independence as auditor of the scheme. The firm has no other relationship with, or interest in, the scheme.

Opinion

In our opinion, the summary financial statements, derived from the audited financial statements of the scheme for the year ended 31 March 2011:

- have been correctly extracted from the audited financial statements of the scheme; and
- the information reported in the summary financial statements is consistent in all material respects with the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

29 June 2011

Auckland

Trustees' Certificate

SRF KiwiSaver Poua he Oranga

The Trustees of the SRF KiwiSaver Scheme:

- Certify that contributions received in respect of each member, including contributions paid via the Commissioner in respect of each member, have been applied in accordance with the terms of the Trust Deed.
- Certify that the following contributions were received in respect of members during the year ending 31 March 2011:
  Members' contributions $63,768 (33 members); Employers' contributions $30,462 (27 members); Crown contributions $28,831 (35 members); Transfers in $52,443 (9 members).
- Certify that at the end of the Scheme year, the total value of the Members' KiwiSaver account balances was $330,135 and there were 43 members with accumulations in their KiwiSaver accounts.
- Certify that the Scheme provider agreement between the Commissioner of Inland Revenue and the Scheme provider remains in force.
- Certify that all benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed have been paid.
- Certify that the market value of the assets of the Scheme as at 31 March 2011 equalled the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and provision been made for the continued payment of all benefits to members and other beneficiaries as at 31 March 2011.
- Certify that SRF KiwiSaver Scheme prospectus #4 was registered on 7 September 2010.
- Certify that the increase in the administration fee on 30 July 2010 to $5.18 per member per month (previously $5.09) is not unreasonable having regard to the KiwiSaver Act and any guidelines published by the Financial Markets Authority.
- Certify that there were no trust deed amendments.

Chairman of Trustees

Trustee

The summary financial statements were authorised for issue on 29 June 2011

SRF KiwiSaver Scheme

2010 $	2011 $	Statement of Financial Per for the Year Ended 31 Mar
		Investment Income
488	-	Interest
1,097	1,696	Rental Income
17,234	14,139	Change in Net Market Values
(727)	(783)	Less Investment Management F
18,092	15,052	Net Investment Revenue
		Other Revenue
-	-	Income Reimbursed from Aon
-	-	Group Life claims
18,092	**15,052**	**Total Revenue**
		Expenses
(242)	(636)	Operating Expenses
17,850	14,416	Net Income Before Tax
(175)	(1,204)	Income Tax Expense
17,675	**13,212**	**Net Income After Tax**
		Membership Activities
35,357	63,768	Members' Contributions
22,938	30,462	Employers' Contributions
14,443	28,831	Crown Contributions
-	-	Unallocated Contributions
18,395	52,443	Transfers in
(918)	(2,055)	Administration Fees
-	-	Benefits Paid
-	(3,594)	Transfers out
90,215	**169,855**	**Net Membership Activities**
107,890	**183,067**	**Overall Investment & Member**
		Statement of Financial Pos
133,944	318,144	Investment assets
11,536	12,219	Other assets
145,480	**330,363**	**Total Assets**
287	**228**	**Liabilities**
145,193	**330,135**	**Net Assets Available to Pay B**
		Represented by liability for accr
145,193	330,135	Members' Account
-	-	Employers' Account
-	-	Unclaimed Benefits
-	-	Reserve Account
145,193	**330,135**	
145,193	**330,135**	**Vested Benefits** *
		Statement of Cashflows fo
3,103	11,536	Opening cash on hand
91,162	172,906	Cashflows from operating activi
(82,729)	(172,240)	Cashflows from investing activit
11,536	**12,202**	**Closing Cash on Hand**

- The summary financial statements have been extracted from the full fin audited and on which an unqualified opinion has been issued and which
- The summary financial statements cannot be expected to provide as co financial performance, position and cashflows of the entities.
- Any member who wishes to receive full financial statements at no cost s The entities are profit-oriented and the full financial statements have be Financial Reporting Standards (NZIFRS). The entities have made explic their full financial statements. The summary financial statements have - Summary Financial Statements.
- The KiwiSaver fee subsidy payable by the Crown has been discontinue SRF KiwiSaver totalled $2,055.
- All figures above are in New Zealand dollars.

* Vested benefits are benefits payable to members or beneficiaries under members of the Fund at balance date. (This is only applicable to Seafar

ants and Auditors

cial Statements
010/11

Seafarers Retirement Fund

formance ch 2011	2011 $	2010 $
	7,497	215,474
	294,796	302,062
	2,742,351	4,872,258
Fees	(151,473)	(181,135)
	2,893,171	5,208, 659
	-	14,971
	20,000	-
	2,913,171	**5,223,630**
	(240,102)	(231,851)
	2,673,069	4,991,779
	(370,108)	(104,679)
	2,302,961	**4,887,100**
	1,609,331	1,357,974
	2,391,329	2,008,418
	-	-
	41,795	(70,217)
	-	-
	-	-
	(2,125,368)	(3,557,638)
	-	-
	1,917,087	**(261,463)**
Income	**4,220,048**	**4,625,637**
sition as at 31 March 2011		
	43,799,971	39,737,101
	494,042	284,483
	44,294,013	**40,021,584**
	105,112	**52,731**
enefits	**44,188,901**	**39,968,853**
ued benefits:		
	15,598,260	14,312,564
	28,332,961	25,407,068
	254,798	248,769
	2,882	452
	44,188,901	**39,968,853**
	39,878,863	**36,439,370**
r the year ended 31 March 2011		
	166,462	18,214
ties	1,937,730	(104,572)
ies	(1,790,583)	252,820
	313,609	**166,462**

ancial statements for the year ended 31 March 2011 which have been
n were authorised for issue on 29 June 2011.

mplete an understanding as provided by the full financial statements of the

should contact the Fund administrator, Aon Hewitt, details on page 12.
en prepared in accordance with New Zealand equivalents to International
cit and unreserved statements of compliance with NZIFRS in note 2 of
been prepared in compliance with Financial Reporting Standard No.43

d. There were no fee subsidies credited. Fees charged for the

the terms of the Trust Deed, on the basis of all members ceasing to be
ers Retirement Fund, not to SRF KiwiSaver).

Seafarers' Retirement Fund

Audit report

To the members of Seafarers Retirement Fund

The accompanying summary financial statements on these pages 6 and 7, which comprise the summary statement of net assets as at 31 March 2011 and the summary statements of changes in net assets and cash flows for the year then ended, and notes, are derived from the audited financial statements of Seafarers Retirement Fund ("the fund") for the year ended 31 March 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 29 June 2011. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the fund.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43 *Summary Financial Statements.*

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements.*

Our firm has also provided taxation services to the fund. This has not impaired our independence as auditor of the fund. The firm has no other relationship with, or interest in, the fund.

Opinion

In our opinion, the summary financial statements, derived from the audited financial statements of the fund for the year ended 31 March 2011:

- have been correctly extracted from the audited financial statements of the fund; and
- the information reported in the summary financial statements is consistent in all material respects with the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

KPMG

29 June 2011

Auckland

Seafarers' Retirement Fund

Trustees' Certificate

The Trustees of the Fund certify that:

- All contributions required to be made to the Fund from the employers and from members in accordance with the terms of the Trust Deed were made.
- All benefits that were required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid.
- Any benefits that have remained unclaimed for more than 7 years (e.g. because members were unable to be traced) have been transferred to the Reserve Account.
- The market value of the assets of the Fund as at 31 March 2011 exceeded the total value of the benefits that would have been payable had all the members of the Fund ceased to be members at that date.
- Seafarers Retirement Fund prospectus #14 was registered on 7 September 2010.
- There has been no trust deed amendment.

Chairman of Trustees | Trustee

The summary financial statements were authorised for issue on 29 June 2011

Reflections from The TRUSTEES

If there is any group of people with a particularly good understanding of both the technical and philosophical side of investing a great deal of hard-earned and precious money, and the needs and aspirations of the workers who will benefit when they retire, it has to be the trustees. We have asked each of them to reflect a little on the year's results and on where the SRF is heading in the future. Here are their thoughts which, according to tradition, are brief.

John Jeffery

The Seafarers' Retirement Fund's investment strategy is very much a long-term one. You take the good years with pleasure, but you take the not-so-good years with patience and understanding. You know you are going to get both over the longer term. You just have to look at the 22-year performance published elsewhere in this annual report to see that quite graphically. I have every confidence that, in the end, it will be a very satisfactory result as we reach retirement age and look forward to a good and financially comfortable life. I have every confidence that all the professionals involved in running the SRF, will make this happen.

Mike Clark

Market jitters about the world's recovery from the economic crisis, and newfound reasons for more crisis in the form of sovereign debt problems, have resulted in an SRF performance that is not as headline-grabbing as the previous year. However, in the circumstances, the result is well in line with what you'd expect in long-term, diversified investing. Those already in the SRF KiwiSaver scheme have every reason to stay there, even after the current Government announced alterations to the scheme (some of which only happen if they are re-elected). Newcomers to SRF KiwiSaver will earn a one-off Government grant of $1000 as well as an annual cash bonus (in the form of a tax credit) of up to $521. This is quite a headstart for any investor. Irrespective of election results, there is no good reason not to be in the SRF KiwiSaver.

Andro Besich

This year's result is not spectacular, but neither is the recovery from the global financial crisis. It has been a difficult period, made more so by earthquakes, tsunamis, a nuclear crisis and other catastrophes. Despite the difficulties, the SRF has performed about as well as the various indices that we benchmark ourselves against. Long-term investing is also about preserving capital, and we have certainly done that. We are well placed to benefit from the inevitable surges there will be in global economic activity in the future. Your retirement 'nest eggs' are in good shape.

Garry Parsloe

We constantly live in a society where, weekly, we are reminded about the need to save and provide for our retirement. The Seafarers' Retirement Fund fits the bill year after year. As a trustee since 1988, I have seen the fund continue to grow and prosper. Each year brings a different challenge as global markets change. The challenge is to weather these ups and downs and consistently provide a return for the members in the fund. I believe that this has been achieved on a regular basis and we are well positioned to continue successfully into the future. The SRF is one of our best terms and conditions, and the introduction of KiwiSaver to family members is a positive step for the future. The fund continues to serve its membership and allows Maritime Workers and their families to retire with dignity and the financial resources to enjoy retirement.

Paul Nicholas (appointed August 2010)

Superannuation, particularly KiwiSaver, has recently been in the headlines because of concerns around Government affordability and maintaining the general taxpayers' contributions. This to me highlights the need for each of us to provide as best we can for our retirement. The Seafarers Retirement Fund again this year has benefited its members by showing positive growth to assist your retirement savings. There is no better way to secure a happy and financially secure future than to make sure you have control over your own finances in retirement. The SRF will help you provide for that future.

David Scott

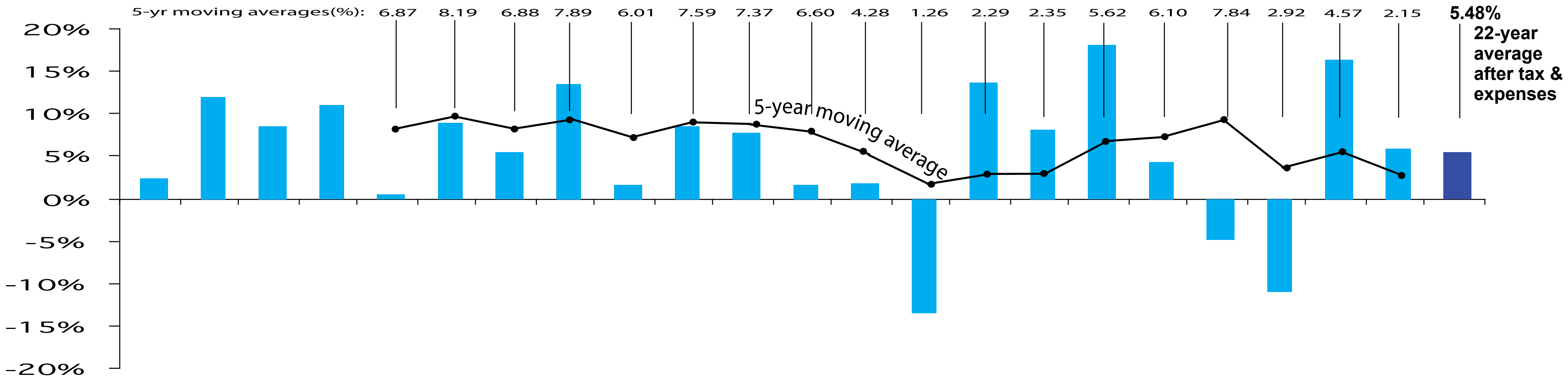
The Seafarers Retirement Fund has been around for 39 years and in that time it has seen too many attempts by successive governments to put a bipartisan retirement pension policy in place. This has been a major disadvantage to most workers, except Seafarers and a few other groups. Seafarers should be thankful to their Union for the foresight that created the retirement fund, and for the ongoing commitment that has seen numerous members well provided for in their retirement.

A well financed retirement certainly makes life much more comfortable, and this is what the Seafarers Retirement Fund is all about. I would like to encourage all members to join the SRF KiwiSaver. While the money is tied up until retirement, the tax benefits more than make up for this.

Reports on **The Long-term Performance & Membership Stats**

Returns Over 22 Years

Returns credited to members' accounts from the Market Fund option



The One to Watch

It is no mistake that in the 22-year graph (above) of the SRF's performance, the most prominent feature is the line tracing a 5-year moving average. It is the one to watch as it is much more meaningful than looking at the performance of individual years. A seemingly 'bad' year is not a sign that the Fund's long-term performance is bad or that its investment strategies are flawed. It is simply a matter of fact that crises for the world economy result in temporary loss of confidence by the world's investors. The prices of shares and bonds go down with the confidence level. And investor confidence often overshoots the mark. A few years ago, the then head of the US Federal Reserve, Allan Greenspan, coined the term "irrational exuberance" to describe the phenomenon of stocks and shares being overpriced by over-confident investors. Equally, there is a matching phenomenon at the other end of the spectrum that could be called "irrational negativity". These irrational mass behaviours are always followed by some sort of correction. Often referred to a clawback, the market claws back the losses or the gains of the previous period marked by irrational behaviour.

There is a lot of analysis that goes into investing, but there is also a lot of emotion. Some behaviours are likened to sheep or reef fish! You can see from the graph that over the last 22 years, only once has the Fund experienced two negative years in a row. Those years were 2008 and 2009 when the brunt of the Global Financial Crisis was being felt – when uncertainty abounded. Governments stepped in to stimulate their economies, rescue other countries' economies, and rescue important financial institutions.

Any superannuation investment proposition is for the long term and it will be full of highs and lows. A low is just a temporary loss of value which may be regained in the following years. As a rule, the full cycle of a high and low seems to fit a 5-year timeframe. Thus a 5-year average seems to be the most meaningful measure of a fund's performance. Whilst you can't help but be interested in a single year's result, it is simply not representative of performance over the term that is really important – the long term.

Funds Exiting SRF during Year	
Resignations	$423,569
Redundancies	-
Retirements	$537,038
Deaths & TPDs	$409,399
Transfers out	-
In-service withdrawals	$755,362
Total	**$2,125,368**

Funds Exiting SRF KiwiSaver during year	
Transfers to another KiwiSaver scheme	$3,594
Early withdrawals	-
Serious Illness	-
Permanent emigration	-
Death	-
Financial hardship	-
Total	**$3,594**

SRF Membership Changes During Year

Year started with 649 members + **45 new members** - **29 members exit** = **Year ends with 665 members**

Resignations	17
Redundancies	0
Retirements	4
Deaths & TPDs	8
Transfers out	0

SRF KiwiSaver Membership Changes During Year

Year started with 22 members + **23 new members** - **2 members exit** (both transfers to other KiwiSaver schemes) = **Year ends with 43 members**

Report from **Trustee Think Tank**

KEEP CALM AND CARRY ON

Keep Calm and Carry On is a morale-boosting slogan invented by the British Ministry of Information to help the nation through any invasion by Germany during World War II. It has become iconic and appears on souvenir mugs, tea towels, greeting cards and the like. Its intended use as a poster never actually happened publicly because the invasion never took place. However, the mantra evokes a sort of disciplined approach to things in an environment of tough circumstances and this post-Global Financial Crisis (GFC) era is seen by some as having such an environment.

A myriad of factors seem to be coming into play as the world moves on, or tries to, from the GFC which first raised its ugly head in 2007. The 2009 year saw strong recovery, but 2010 turned into something of a disappointment. Share markets have been constrained and volatile. In last year's annual report, we wrote about the devastating effect of out-of-control sovereign debt on certain economies. It was titled "A Greek Tragedy". Essentially, what was said in the article still applies a year on. Greece's euro zone partners have already bailed out the stressed Greek economy with billions of euros in loans. Now, the Greek economy needs another dollop of cash to stave off default. This time, the big euro zone powers are demanding even tougher austerity measures be put in place before they shell out again. The first lot of austerity measures went down very badly – remember the riots? – so who knows what the next round will trigger?

As AMP Capital Investors point out in their magazine for advisors and investors, the danger with market volatility is that investors may desert their long-term investment strategies and start second-guessing the market. In short, they are in danger of making investment decisions that are based on fear and irrationality. Panicked and emotional decision-making is not good investing tactics!

A very promising New Zealand recovery petered out somewhat in mid-2010 amid global concern of a double-dip recession. Business and consumer confidence in New Zealand fell. The world's largest economy, the US, was experiencing a widespread fall in leading indicators of growth. Among the myriad of factors impacting negatively on prospects, China's economy was slowing.

You could say that confidence is the oxygen of an economy. Prior to the GFC, things were booming along nicely in New Zealand. Property values were climbing hand in hand with debt levels. Confidence abounded. The wealth factor engendered by rising property values provided a welcome tailwind. But the GFC saw the property bubble burst, confidence plummet, and a big loss of appetite for debt. People's spending diminished and economic activity suffered.

It is little wonder. The GFC, poor prospects for the property market, poor business confidence generally, rising unemploy-ment, waning job security, these factors all make New Zealanders re-examine how vulnerable they are. It was a malady not exactly helped by the devastation and disruption dished out to Cantabrians by the earthquakes.

The psyche of the nation has changed through all of this. There is renewed interest by investment professionals in the field of behavioural economics. The worry is that tough circumstances, such as the above, can induce people to question their current investment strategy and subsequently change it. An example would be an investor switching investments into more conservative low-risk, low-return cash-based investments with a view to sitting out the rough times safely cashed up, then re-entering the long-term strategy when things look about ready to come right. Unfortunately, there is real danger in such a tactic. In all likelihood, they will 'miss the bus' of recovery of the old long-term balanced portfolio. The evidence you need of the recovery is a sustained period of market appreciation. You can never be sure that it is actually happening. There could be a suspicion that the recovery being seen could be short-lived and perhaps heralding a false dawn.

In such a scenario, a year or so of recovery returns is likely to be missed. As one commentator says, "You don't wait for consumer goods to go up in price before you buy them."

A much better strategy is to KEEP CALM AND CARRY ON. In other words, stick to your original investments and trust that they will regain what market value they lost. As you wonder how long recessionary times are here to stay, take heart from an analogy with pregnancies. Recessions and pregnancies have a lot in common. In the history of life on this planet, there has never been a pregnancy that has lasted forever.

Investment Performance and Manager review

Background

The trustees are presently performing a review of the SRF investment strategy, last agreed in 1999. After 11 years, investment styles, sectors available, and managers have all inevitably changed. While this review will show what has happened in the past, it will not predict the future performance of any investments. Following an interview process in 1999, the trustees decided to appoint sector specialist managers. We chose AMP for NZ Bonds, Australasian equities (50% of that sector) and cash; BNZ for Overseas Equities (passive and unhedged) and Overseas Bonds; Colonial for Australasian Equities (the other 50% of the sector). BNZ has now been taken over by AXA and Colonial has had a name change to ASB and they want to wind up the investment product that we use. As can be seen, the SRF Market Fund has three managers and five investment sectors.

This 11-year investment period has been extremely challenging for all investors with the attack on the World Trade Centre, the dot.com bubble burst, the accounting scandals that affected returns in 2002/2003, and the global financial crisis having its impact from 2007 to 2009.

Changing Investment Environment

Over the last 11 years, we have seen investment managers merge and be sold and grow larger and smaller, investment teams that have performed well and not so well, and investment styles that have come and gone. The types of investment products available have also increased dramatically, including international property, commodities, hedged funds, absolute funds, private equity, and some highly specialised financial products. Both the changes in the managers and the products available make the review necessary to ensure that we get the best for members going forward and ensure we produce the returns expected.

Preliminary Results of Review

The investment in International Shares is expected to show very poor returns over the 11 review years due to the increasing value of the New Zealand dollar and poor company earnings over this period. Australasian shares have performed well as have New Zealand Bonds. The property owned by the SRF has performed modestly while the average property manager has sustained significant losses during this period. International Bonds have performed somewhat disappointingly, due to the manager.

The way forward

The first thing that the trustees will do is to review the Statement of Investment Policies and Objectives to make sure it will be delivering returns that are acceptable and within the risk tolerance range that has been set. An investment strategy that will achieve this objective, will then be agreed with Aon Hewitt, our investment advisors. This strategy will be broken down into a number of asset classes each having a percentage of the total assets and also an investment return objective. From here, a number of investment managers for each asset class is likely to be interviewed by the trustees. One for each asset class will be selected to invest on the Seafarers Retirement Fund's behalf. This process will make up the new investment strategy, with new managers and new investment objectives.

The review will give the trustees detailed knowledge of the past performance and the reasons behind that performance. It will not give answers about what should be done for the future. This will be up to the trustees to decide after taking some expert guidance from Aon Hewitt. These will culminate in new investment managers and some new products, all selected to make returns for members.

Report from **The Administrators**

Planning for Retirement

Important things you need to know

The main aim of the Seafarers Retirement Fund when it was set up was to provide financial security for workers when they retire. This is still the aim. While some members look forward to retirement, and plan well for it, others do not. A review of your individual financial situation is an excellent starting point to ensure that you have planned and taken the necessary steps for a comfortable and fulfilling future. There are a number of other important issues to think about in preparation for retirement, including health, housing, use of time and legal matters.

Finances

A good starting point is to prepare a budget to cover your current expenses that will continue into your retirement. You will receive New Zealand superannuation that is currently about $16,000 after tax if you are single and $25,000 if you are a couple. Once you have established how much New Zealand superannuation you will receive, you can then subtract your current expenses, and the difference between the two is the extra cash that you will need to find each year. Your Seafarers Retirement Fund benefit can help to fund this. There are other sources that may be available to you, such as other savings and investments, or downsizing your home and investing the leftover cash. A rule of thumb is that you require 7 times your after-tax salary in savings and investments for your retirement. You may want to take on part-time work for the income, the mental stimulation and the social contacts it will give you.

Health

Keep healthy, not only physically, but mentally and emotionally. This will reduce the chances of requiring expensive medical care. It is never too late to start doing physical activity. Good physical fitness increases the number of things that you can do – such as sport, travel, and community service.

Housing

The goal should be to own a well-maintained house with no debt at the time of retirement. It should ideally be recently painted, have modern appliances and in an area you like, and where you can get all the social contact you want.

Wills

This is probably the area that is most overlooked both before retirement and at retirement. By the time you retire, you will probably have quite a few assets with a large relative monetary or sentimental value. If you haven't created a will, now is the time to do it. If you already have one, it may need updating. If the unexpected happens and you die without a will in place, you become intestate which could have the following consequences:

- Your loved ones and family have to go to court to sort things out, and this can be expensive and lengthy.
- The people you most care about could miss out on your estate.
- The important decisions could end up being made by someone who you would not have chosen.
- Your family could be left with the worry of not knowing what your last wishes were, such as whether you wanted to be buried or cremated.
- Assets could be disposed of in a fashion that you may not have wanted to happen.

Powers of Attorney

A final issue worth considering is making sure you have a power of attorney. This will give someone you trust the right to make decisions on your behalf if you are no longer able to. This could happen if you become seriously ill or suffer from a neurological condition where making decisions becomes difficult. If you do not have an Enduring Power of Attorney, an application would have to be made to the Family Court to decide who makes decisions on your behalf about your property or welfare.

SRF KiwiSaver Budget Changes

Prior to the Budget, the Government forewarned that it was going to make changes to the KiwiSaver scheme by reducing the contributions that it makes. The first of these was that it reduced the maximum annual member tax credit from $1042 per annum to $521 and this is effective from 1 July 2011. The second reduction was that the tax-free status of employer contributions, presently set at 2%, would end from 1 April 2012.

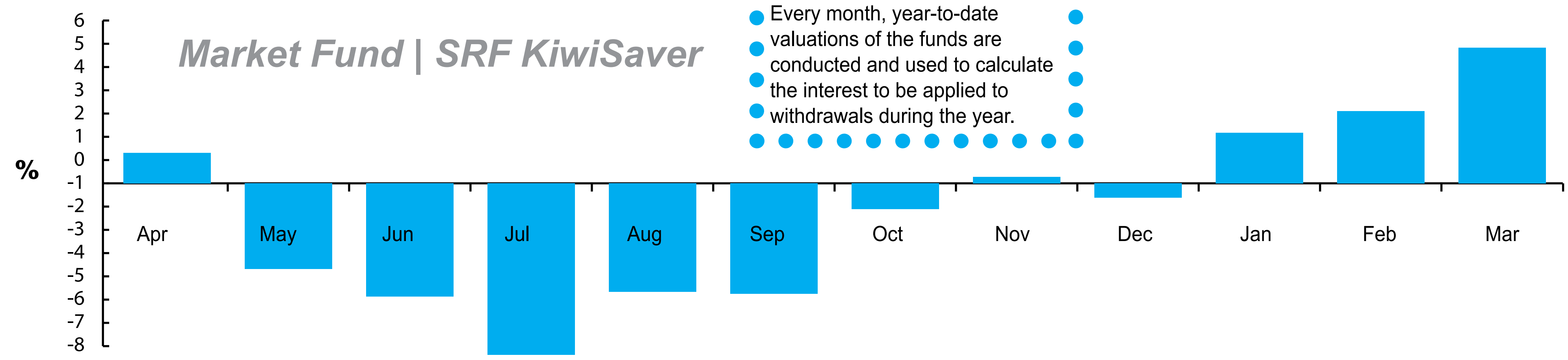
The last change it signalled was that minimum employee and employer contributions will rise from 2% to 3% from 1 April 2013.

The one-off $1000 kick start subsidy that the Government pays to all new members was left untouched.

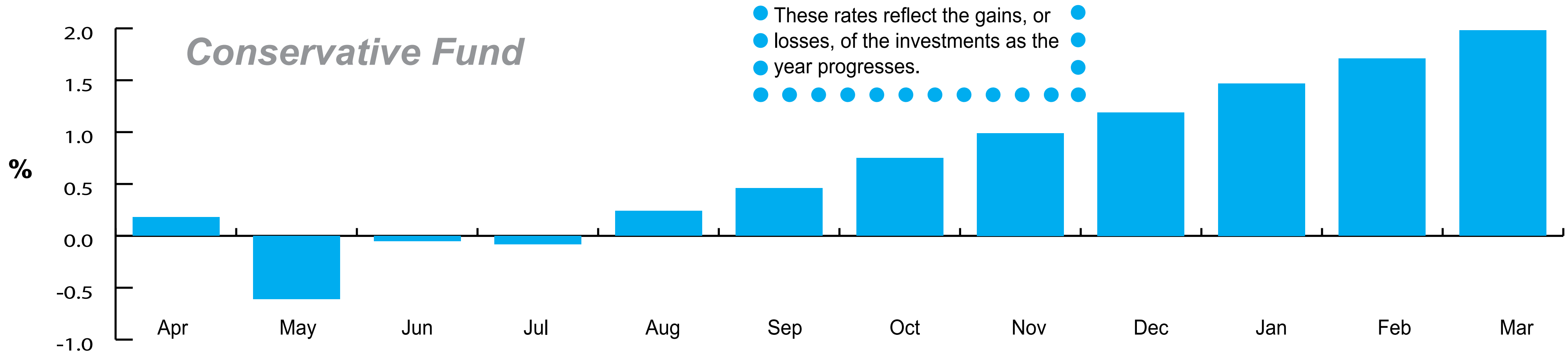
There are presently 1.7 million members of KiwiSaver and the SRF KiwiSaver has only 43 which is still disappointing considering there are 700 eligible members. Even with the changes, it is still a very attractive investment vehicle for saving for retirement, and all members of the Seafarers Retirement Fund should seriously consider joining. Further information about the SRF KiwiSaver can be obtained from Aon Hewitt or the Scheme secretary and their contact details can be found in this Annual Report directory, Page 12. Alternatively, go to one of your union delegates.

Monthly Returns to Exiting Members During the Year

a.k.a. interim interest crediting rates



Every month, year-to-date valuations of the funds are conducted and used to calculate the interest to be applied to withdrawals during the year.



These rates reflect the gains, or losses, of the investments as the year progresses.

About & from The Membership

Missing Members Found:
Great response from members to last year's plea

This year's list of 'missing' members is shorter than last year's, by some 31%. This was the result of a great response to our plea in the last annual report. Lots of members made the effort to let us know, where they could, how to contact those members listed. It was a great cooperative effort by those who saw they may be able to help, and duly did. To those people, many thanks, not only from the SRF administration, but from those 'found' members who are now able to be kept much better informed about their entitlements.

However, the problem of losing track of members has not disappeared. So we ask the same favour again. Please look over the list and see if you can spot any friends and work colleagues whose whereabouts (either residential or work) you know about. It can only be positive and helpful to the person in question. Please tell us anything that might help us to get in contact with any of those listed below – postal address, a phone number, mobile phone number, or email address. Please call one of the SRF contacts listed below, or your union delegate.

Offshore Marine Services
G W Amor
Martin George Arney
? Bielawski
Adam Steve Burton
Gerardus Huijs
Michael D Hulbert
? James
Andrew Lethbridge
David Moyes
S S J Mundy
Alin Vasile Muresan
Gary Crawford Nagle
Sharon Maree Sole

New Zealand Offshore Services
J A Chapman
C I C Lee
Andrew John Robertson
Stanley Robinson
Rhonda Marie Rodley
Rangi Kohi Williams

Wendell Offshore
? Milligan
Andrew Thompson
Glenn Wilson

Swire Pacific Offshore NZ Ltd
Peter Churchill
Hamish MacKenzie
John Mearns
Lisle Quintal
D Turner

NZ Dredging
Darren Burmester
Arne Buunk
Francis Patrick Carre
William Gibbs
M Pettit
Christopher Garth Smith

KiwiRail
P Boyce
K Briant
JT Catchpole
Kate Gordon
A MacDonald
D Mark
? Stolte
Miss SA McCarthy

Pacifica Shipping
Mahmood Khan
T Samuels
S Tate

Sea Tow
Wiremu Armitage
Elisaia Elisaia
John Jesse
Angus K Macpherson
Matt Towers

Silver Fern Shipping
? Reichelt

Charter Marine
? Brash

Seacrew
Abe Ferguson

Teekay Shipping
Ian Stuart

Anglo Eastern
GD West

Here's Who to Contact:
Lisa Bufton at Aon 09-362 9862
David Scott (Secretary) 04-479 6009
Garry Parsloe (Trustee) 09-303 4652 or 021-326 261
Mike Clark (Trustee & Secretary, Wellington Seafarers' Branch of MUNZ) 04-385 9288 or 027 453 8222

A Socialist's Perspective on the SRF

From member Dave Molloy

"The social object of skilled investment should be to defeat the dark forces of time and ignorance which envelope our future." *John Maynard Keynes*

Why save for my retirement?

We are told that we don't save enough of our income for our retirement, we are too reliant on property as our primary means of investment, and that we should diversify our investments in places like share markets and other institutions. As the well known beer advertisement says, Yeah Right!

The importance of a retirement saving scheme cannot be overstated. As a collective, it is our single largest asset offering us all the ability to save for our futures. The Seafarers Retirement Fund (SRF) remains one of our most significant gains as a union, providing members the ability to save a significant amount towards their retirement.

Some members have raised concerns over both the performance and direction that the fund has taken in recent years. Despite these concerns, it is my genuine belief that the SRF remains our premium vehicle for investment.

The boom and bust nature of the financial market in which most of our funds are invested is nothing new. In fact, it speaks more of the failings of the capitalist system as a whole. When considering the overall performance of the Fund, it is always best to view this as a long-term proposition.

The Chairman and the trustees of the SRF all have a common objective which is to maximise returns on investment and provide members with the best possible gains for their retirement.

For those younger members starting out in this industry, never has there been a more important time to start saving for your and your family's future. The SRF competes in a market of choice regarding retirement savings. There are numerous options available including the KiwiSaver schemes; but the SRF is itself a recognised KiwiSaver provider. I know a lot of younger members have chosen to diversify their savings between the SRF and a separate KiwiSaver scheme. Whatever way we choose to save, the thing is to start saving early.

At present, the Government provides a pension for those 65 and over. The question you must ask yourselves is: "would this on its own be enough to support the type of lifestyle I enjoy now through working, and when I retire?" There is nothing stopping future governments moving the goal posts, reassigning the age of eligibility or lowering the amount the government will provide for retirees. We have witnessed recent events in France where the Government proposed to move the age of retirement from 60 to 65. Even students were out protesting in the streets!

Since the inception of the KiwiSaver scheme, we have seen changes for the worse brought about by the change of government. National has sold these cuts as necessities claiming the country cannot afford such a generous scheme in in tough economic times. However, National should be held accountable for these changes and other anti-worker legislation they have pushed through leading up to the election. Economic sustainability, real growth and real jobs are needed. Not economic cutbacks, state asset sales, redundancies, and casualisation of the work force. When the right wing talks of building a great nation, workers need to ask the question "great for whom?". Those who can afford to pay for it?

Fiscally, the past few years have been difficult ones and, as in life, nothing is guaranteed. The SRF remains one of our best gained conditions and has proven its worth even in these relatively difficult times. For those embarking on a career at sea, saving a portion of your income for your retirement is a must. However, remember it is always best to take the long view; there will always be boom and bust cycles. It is only capitalism after all.

Live long and prosper.

Yours in Unity,

Dave Molloy 1123

SRF Directory

Secretary to the Fund & the Trustees
David Scott, 87 Simla Crescent, Khandallah, Wellington 6035
Phs. 04-479 6009 027-595 9446
davidscott@paradise.net.nz
Fund Insurer Sovereign Assurance Company Limited
Fund Investment Managers AMPCI, AXA, Colonial First State
Auditors KPMG
Legal Advisors Simpson Grierson

Fund Administration – A/C Manager
Aon Hewitt
Account Manager Ashley Goss
PO Box 2764, Wellington 6140
Level 8 BP House, 20 Customhouse Quay Wellington 6011

All correspondence to the trustees should be addressed to:
Secretary of the Fund.

Fund Administration – Administrator
Aon Hewitt
Administrator Lisa Bufton
ph: 09-362 9862
Fax: 09-362 9821
email: lisa.bufton@Aon.co.nz
PO Box 3167, Auckland 1140
Level 2 AMP Centre, 29 Customs Street West Auckland 1010

Summary Financial Statements for 2010/11

SRF KiwiSaver Scheme 2010 $	SRF KiwiSaver Scheme 2011 $	Statement of Financial Performance for the Year Ended 31 March 2011	Seafarers Retirement Fund 2011 $	Seafarers Retirement Fund 2010 $
		Investment Income		
488	-	Interest	7,497	215,474
1,097	1,696	Rental Income	294,796	302,062
17,234	14,139	Change in Net Market Values	2,742,351	4,872,258
(727)	(783)	Less Investment Management Fees	(151,473)	(181,135)
18,092	15,052	Net Investment Revenue	2,893,171	5,208, 659
		Other Revenue		
-	-	Income Reimbursed from Aon	-	14,971
-	-	Group Life claims	20,000	-
18,092	**15,052**	**Total Revenue**	**2,913,171**	**5,223,630**
		Expenses		
(242)	(636)	Operating Expenses	(240,102)	(231,851)
17,850	14,416	Net Income Before Tax	2,673,069	4,991,779
(175)	(1,204)	Income Tax Expense	(370,108)	(104,679)
17,675	**13,212**	**Net Income After Tax**	**2,302,961**	**4,887,100**
		Membership Activities		
35,357	63,768	Members' Contributions	1,609,331	1,357,974
22,938	30,462	Employers' Contributions	2,391,329	2,008,418
14,443	28,831	Crown Contributions	-	-
-	-	Unallocated Contributions	41,795	(70,217)
18,395	52,443	Transfers in	-	-
(918)	(2,055)	Administration Fees	-	-
-	-	Benefits Paid	(2,125,368)	(3,557,638)
-	(3,594)	Transfers out	-	-
90,215	**169,855**	**Net Membership Activities**	**1,917,087**	**(261,463)**
107,890	**183,067**	**Overall Investment & Member Income**	**4,220,048**	**4,625,637**
		Statement of Financial Position as at 31 March 2011		
133,944	318,144	Investment assets	43,799,971	39,737,101
11,536	12,219	Other assets	494,042	284,483
145,480	**330,363**	**Total Assets**	**44,294,013**	**40,021,584**
287	**228**	**Liabilities**	**105,112**	**52,731**
145,193	**330,135**	**Net Assets Available to Pay Benefits**	**44,188,901**	**39,968,853**
		Represented by liability for accrued benefits:		
145,193	330,135	Members' Account	15,598,260	14,312,564
-	-	Employers' Account	28,332,961	25,407,068
-	-	Unclaimed Benefits	254,798	248,769
-	-	Reserve Account	2,882	452
145,193	**330,135**		**44,188,901**	**39,968,853**
145,193	**330,135**	**Vested Benefits** *	**39,878,863**	**36,439,370**
		Statement of Cashflows for the year ended 31 March 2011		
3,103	11,536	Opening cash on hand	166,462	18,214
91,162	172,906	Cashflows from operating activities	1,937,730	(104,572)
(82,729)	(172,240)	Cashflows from investing activities	(1,790,583)	252,820
11,536	**12,202**	**Closing Cash on Hand**	**313,609**	**166,462**

- The summary financial statements have been extracted from the full financial statements for the year ended 31 March 2011 which have been audited and on which an unqualified opinion has been issued and which were authorised for issue on 29 June 2011.
- The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of the financial performance, position and cashflows of the entities.
- Any member who wishes to receive full financial statements at no cost should contact the Fund administrator, Aon Hewitt, details on page 12. The entities are profit-oriented and the full financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZIFRS). The entities have made explicit and unreserved statements of compliance with NZIFRS in note 2 of their full financial statements. The summary financial statements have been prepared in compliance with Financial Reporting Standard No.43 - Summary Financial Statements.
- The KiwiSaver fee subsidy payable by the Crown has been discontinued. There were no fee subsidies credited. Fees charged for the SRF KiwiSaver totalled $2,055.
- All figures above are in New Zealand dollars.

* Vested benefits are benefits payable to members or beneficiaries under the terms of the Trust Deed, on the basis of all members ceasing to be members of the Fund at balance date. (This is only applicable to Seafarers Retirement Fund, not to SRF KiwiSaver).