Valuation Report

In respect of the superannuation interests of Stephen John Smith.

Dated 8/1/2011

Prepared for:

ABC Jones Solicitor
Attention: Mr Anthony Jones
PO Box 1000
NEW FARM QLD 4004

Tel: 07 3350 5000
Fax: 07 3350 6000

Scope of Instructions

A. We have been instructed to provide valuations for Family Law purposes in respect of:

1.   CSS Fund (Husband) – 1/6/2005.
2.   CSS Fund (Husband) – 19/3/2010.

B. We have been instructed to adopt *relevant dates* that match the dates of source information provided by the trustees.

C. We have been briefed with these materials:

(i)   Letter 12 May 2010 Australian Reward Investment Alliance to ABC Jones with Family Law Information Statement for Mr Smith with Appropriate Date of 1/6/2005.

(ii)   Letter 29 March 2010 Australian Reward Investment Alliance to ABC Jones with Family Law Information Statement for Mr Smith with Appropriate Date of 19/3/2010.

Summary of Valuations

Summary of Valuations for Husband.

No.	Name	Relevant Date	Phase	Valuation
1	CSS Fund	01/06/2005	Growth	$524,669.71
2	CSS Fund	19/03/2010	Growth	$777,790.86

Commentary

1.   CSS Fund (Husband) – 1/6/2005.

Valuations of superannuation interests of the Commonwealth Superannuation Scheme for family law purposes are subject to approved specific methods and factors.

They are contained in Part 1 of Schedule 1 of Family Law (Superannuation) (Methods and Factors for Valuing Particular Superannuation Interests) Approval 2003.

There are 12 alternate valuation methods in that part, being Items 1 to 12 of Division 1.2 of Part 1.

In a nutshell, the 12 items apply as follows:

Item 1: Eligible employees aged 65 or less;
Item 2: Eligible employees aged more than 65;
Items 3-4: Where no longer an eligible employee;
Items 5-7: Postponed retirement benefits;
Items 8-12: Various pensions & deferred benefits.

The CSS says Item 1 applies in this case.

Formally, Item 1 applies to:

An interest that a person has in the CSS if:

(a)   the person is an eligible employee; and
(b)   the person is aged 65 years or less at the relevant date.

The Family Law Information statement purports to supply the information specified in the Family Law (Superannuation) (Provision of Information - Commonwealth Superannuation Scheme) Determination 2004 (as amended).

In fact, their form is out of date, and the information they have provided is incomplete.

The relevant legislation was amended on 1/2/2008 by Family Law (Superannuation) (Provision of Information - Commonwealth Superannuation Scheme) Amendment Determination 2008 (No. 1) to include a requirement to supply the "ERDA" value - that is "the person's early release deduction amount within the meaning of subsection 79A (1) of the 1976 Act at the relevant date".

In fact they have not supplied the ERDA. I have assumed that the value is $0.00, but it would be prudent to check with the Trustee. If the value is non-zero then it must be deducted from the valuation.

2.   CSS Fund (Husband) – 19/3/2010.

The commentary in relation to the 1/6/2005 valuation applies in full to this one.

Context of this report.

The valuation expressed in this report is an opinion of the value that might apply for superannuation splitting purposes - but the Family Law does not require a valuation on that basis in all circumstances.

I have not considered, been instructed, have enough information, or consider that I have the role of determining, whether splitting is the appropriate basis for valuation in any particular case including this one. It is my opinion, however, that it remains a valid benchmark while parties can still elect to split the interest.

The valuation is of the nominal 'family law' value of the interest at the stated relevant date(s) and does not consider any competing arguments of the member and non-member spouse, or the appropriateness of the relevant date in comparison with any other potentially legally significant date (such as the date of marriage/separation etc).

The formulae prescribed by legislation are arbitrary in that they always resolve to a definite figure, but are themselves based on various assumptions that might not accord with the reality of a particular case. In particular the resulting value will usually be different to an actual 'payout' value, and must not be relied upon as such.

Except where indicated I have accepted my instructions at face value. This means that any incorrect instructions - for example from the Trustee – are likely to effect an inaccurate valuation.

These are all considerations for the legal representatives, and any person not legally represented should seek competent legal advice before relying on this report.

Expert's Obligations (Family Law Rules)

I have made all the inquiries I believe are necessary and appropriate and to my knowledge there have not been any relevant matters omitted from this report, except as otherwise specifically stated in this report.

I believe that the facts within my knowledge that have been stated in this report are true.

The opinions I have expressed in this report are independent and impartial.

I have read and understand Divisions 15.5.4, 15.5.5 and 15.5.6 of the Family Law Rules 2004 and have used my best endeavours to comply with them.

I understand my duty to the court and I have complied with it and will continue to do so.

Lawtech (Aust) Pty Ltd

per TWD Lewis

Important Disclaimer & Condition

This report is based on the application of mathematical formulae contained in the family law legislation, and does not constitute legal advice per se — even though it may have been prepared by legally-qualified personnel. A detailed and open account of all data inputs, formulae and their application, and the identity of the legislation thought to apply in each circumstance has been given for independent scrutiny.

The data inputs have been taken from the briefed materials and have not been independently verified — for instance, except where indicated, information provided in an official letter from the Superannuation Trustee is accepted at face value.

Accordingly, while the care and attention taken in the preparation of this report, is self-evident, it is only authorized, and intended, to be used on the following basis: To the extent permitted by law, the liability of Lawtech (Aust) Pty Ltd and its officers, employees, agents and any third-party supplier of intellectual property (collectively "Lawtech"), for any loss (including costs) that would not have arisen had the report never existed, is limited to the provision by Lawtech of a replacement report. Where further liability cannot be excluded, then it is on the basis that Lawtech will be indemnified by whoever's use or publication of the report exposed or implicated Lawtech to such claim.

1. CSS Fund (Husband) – 1/6/2005.

Calculation Inputs

(a) Relevant Date (i.e. calculation date)	01/06/2005
(b) Wife's Name	<blank>
(c) Husband's Name	Stephen John Smith
(d) Wife's Date of Birth	<blank>
(e) Husband's Date of Birth	06/08/1956 (Age 48.7 + 31.2 = Avg Life Exp. 79.9)
(f) Member Spouse	"Stephen John Smith (Husband)"
(g) Is interest in self-managed superannuation fund	No
(h) Is under Small Super. Accounts Act 1995	No
(i) Plan is about to be restructured	No
(j) Parties are de facto or same sex	No
(k) Section 79 order concluded prior to 28 Dec. 2002	No
(l) Section 87 order concluded prior to 28 Dec. 2002	No
(m) Type of Order	"Growth Phase"
(n) Earlier Split Amount	$0.00
(o) Surcharge Debt	$0.00
(p) Date Membership in Fund Started	04/02/1980
(q) Accumulated Basic Contributions	$102,658.46
(r) Accumulated Supplementary Contributions	$0.00
(s) Accumulated Employer Contributions	$32,995.11
(t) Accrued Pension Multiple	0.45326
(u) Salary	$52,735.00
(v) Superannuation Guarantee Top-up Benefit	$30,901.69
(w) Early Release Discharge Amount	$0.00

Part 2, Division 1.2.2 (Item 1) Family Law (Superannuation) (Methods and Factors for Valuing Particular Superannuation Interests) Approval 2003, Section 4 & 5 Superannuation Act 1990.

Valuation of Commonwealth Superannuation Scheme interest pursuant to approved alternate methods and factors.

Valuation: $524,669.71

Calculation Detail

Valuation
Value = Accumulated Basic Contributions + Accumulated Supplementary Contributions + Accumulated Employer Contributions + (Accrued Pension Multiple × Salary × Pension Valuation Factor) + (Accumulated Basic Contributions × Resignation Deferred Pension Valuation Factor) + ("Superannuation Guarantee Top-up Benefit" × Lump Sum Valuation Factor) - Early Release Discharge Amount
= ABC + ASC + PCI + (AP × S × PFy+m,s) + (ABC × RPFy+m,s) + (SG × LSFy+m,s) - ERDA
= $102,658.46 + $0.00 + $32,995.11 + (0.453260 × $52,735.00 × 1.681033) + ($102,658.46 × 3.386200) + ($30,901.69 × 0.039250) - $0.00
= $102,658.46 + $0.00 + $32,995.11 + $40,181.17 + $347,622.08 + $1,212.89 - $0.00
= $524,669.71

Where:

PFy+m,s
= ((PFy,s × (12-m)) + (PFy+1,s × m))/12
= ((1.636430 × (12-9)) + (1.695900 × 9))/12
= ((1.636430 × 3) + (1.695900 × 9))/12
= (4.909290 + 15.263100)/12
= 1.681033 (rounded up to maximum 6 decimals)

RPFy+m,s
= ((RPFy,s × (12-m)) + (RPFy+1,s × m))/12
= ((3.399640 × (12-9)) + (3.381720 × 9))/12
= ((3.399640 × 3) + (3.381720 × 9))/12
= (10.198920 + 30.435480)/12
= 3.386200

LSFy+m,s
= ((LSFy,s × (12-m)) + (LSFy+1,s × m))/12
= ((0.041230 × (12-9)) + (0.038590 × 9))/12
= ((0.041230 × 3) + (0.038590 × 9))/12
= (0.123690 + 0.347310)/12
= 0.039250

Calculation Method

Item 1. An interest that a person has in the CSS if: (a) the person is an eligible employee; and (b) the person is aged 65 years or less at the relevant date (**01/06/2005**).

$$ABC + ASC + PCI + (AP \times S \times PF_{y+m,s}) + (ABC \times RPF_{y+m,s}) + (SG \times LSF_{y+m,s}) - ERDA$$

where:

ABC (**$102,658.46**) is: (a) the person's accumulated basic contributions as those contributions would be calculated if he or she had ceased being an eligible employee at the relevant date (**01/06/2005**); or (b) if section 146MB of the 1976 Act applies to the interest - the amount calculated under paragraph (a), reduced in accordance with paragraph 146ME (2) (a) of the 1976 Act.

ASC (**$0.00**) is: (a) the sum of the following amounts, as those amounts would be calculated if the person had ceased being an eligible employee at the relevant date (**01/06/2005**): (i) the person's accumulated supplementary contributions; (ii) the amount of any benefit payable in respect of the person under section 110SN or 130D of the 1976 Act; or (b) if section 146MB of the 1976 Act applies to the interest - the amount calculated under paragraph (a), reduced in accordance with paragraph 146ME (2) (b), (d) or (e) of the Act, as applicable.

PCI (**$32,995.11**) is: (a) the accumulated employer contributions in respect of the person as those contributions would be calculated if he or she had ceased being an eligible employee at the relevant date (**01/06/2005**); or (b) if section 146MB of the 1976 Act applies to the interest - the amount calculated under paragraph (a), reduced in accordance with paragraph 146ME (2) (c) of the 1976 Act.

AP (**0.45326**) is: (a) the accrued pension multiple at the relevant date (**01/06/2005**) calculated as the pension multiple that would apply under section 56 of the 1976 Act for the person's period of contributory service at the relevant

date (**01/06/2005**) if he or she were aged 65; or (b) if section 146MB of the 1976 Act applies to the interest - the accrued pension multiple calculated under paragraph (a), less the sum of any reduction factors (within the meaning given by subsection 146ME (6) of the 1976 Act) that would apply on the person's retirement at age 65.

S (**$52,735.00**) is the salary of the person by reference to which a benefit in respect of his or her interest is defined.

PF$_{y+m,s}$ (**1.681033**) is the factor calculated by:

$$\frac{PF_{y,s} \times \ 12 \text{-} m \ + PF_{y+1,s} \times m}{12}$$

where:

PF$_{y,s}$ (**1.636430**) is the valuation factor mentioned in Table 1A (males) or Table 1B (females) in this Part that applies at the person's age in completed years (**48**) and period of membership in completed years (**25**) at the relevant date (**01/06/2005**).

m (**9**) is the number of complete months of the person's age that are not included in the completed years of age at the relevant date (**01/06/2005**).

PF$_{y+1,s}$ (**1.695900**) is the valuation factor mentioned in Table 1A (males) or Table 1B (females) in this Part that would apply to the person if the person's age in completed years were one year more (**49**) than it is at the relevant date (**01/06/2005**).

RPF$_{y+m,s}$ (**3.386200**) is the factor calculated by:

$$\frac{RPF_{y,s} \times \ 12 \text{-} m \ + RPF_{y+1,s} \times m}{12}$$

where:

RPF$_{y,s}$ (**3.399640**) is the valuation factor mentioned in an item in Table 2A (males) or Table 2B (females) in this Part that applies at the person's age in completed years (**48**) and period of membership in completed years (**25**) at the relevant date (**01/06/2005**).

m (**9**) has the meaning given above.

RPF$_{y+1,s}$ (**3.381720**) is the valuation factor mentioned in Table 2A (males) or Table 2B (females) in this Part that would apply to the person if the person's age in completed years were one year more (**49**) than it is at the relevant date (**01/06/2005**).

SG (**$30,901.69**) is any superannuation guarantee top-up benefit to which the person would be entitled if he or she had ceased being an eligible employee at the relevant date (**01/06/2005**).

LSF$_{y+m,s}$ (**0.039250**) is the factor calculated by:

$$\frac{LSF_{y,s} \times \ 12 \text{-} m \ + LSF_{y+1,s} \times m}{12}$$

where:

LSF$_{y,s}$ (**0.041230**) is the valuation factor mentioned in Table 3A (males) or Table 3B (females) in this Part that applies at the person's age in completed years (**48**) and period of membership in completed years (**25**) at the relevant date (**01/06/2005**).

m (**9**) has the meaning given above.

LSF$_{y+1,s}$ (**0.038590**) is the valuation factor mentioned in Table 3A (males) or Table 3B (females) in this Part that would apply to the person if the person's age in completed years were one year more (**49**) than it is at the relevant date (**01/06/2005**).

ERDA (**$0.00**) is the person's early release deduction amount within the meaning of subsection 79A (1) of the 1976 Act at the relevant date.

2. CSS Fund (Husband) – 19/3/2010.

Calculation Inputs	
(a) Relevant Date (i.e. calculation date)	19/03/2010
(b) Wife's Name	<blank>
(c) Husband's Name	Stephen John Smith
(d) Wife's Date of Birth	<blank>
(e) Husband's Date of Birth	06/08/1956 (Age 53.5 + 26.9 = Avg Life Exp. 80.4)
(f) Member Spouse	"Stephen John Smith (Husband)"
(g) Is interest in self-managed superannuation fund	No
(h) Is under Small Super. Accounts Act 1995	No
(i) Plan is about to be restructured	No
(j) Parties are de facto or same sex	No
(k) Section 79 order concluded prior to 28 Dec. 2002	No
(l) Section 87 order concluded prior to 28 Dec. 2002	No
(m) Type of Order	"Growth Phase"
(n) Earlier Split Amount	$0.00
(o) Surcharge Debt	$0.00
(p) Date Membership in Fund Started	04/02/1980
(q) Accumulated Basic Contributions	$149,706.76
(r) Accumulated Supplementary Contributions	$1,225.76
(s) Accumulated Employer Contributions	$50,699.67
(t) Accrued Pension Multiple	0.50031
(u) Salary	$89,221.00
(v) Superannuation Guarantee Top-up Benefit	$61,431.33
(w) Early Release Discharge Amount	$0.00

Part 2, Division 1.2.2 (Item 1) Family Law (Superannuation) (Methods and Factors for Valuing Particular Superannuation Interests) Approval 2003, Section 4 & 5 Superannuation Act 1990.

Valuation of Commonwealth Superannuation Scheme interest pursuant to approved alternate methods and factors.

Valuation: $777,790.86

Calculation Detail

Valuation
Value = Accumulated Basic Contributions + Accumulated Supplementary Contributions + Accumulated Employer Contributions + (Accrued Pension Multiple × Salary × Pension Valuation Factor) + (Accumulated Basic Contributions × Resignation Deferred Pension Valuation Factor) + ("Superannuation Guarantee Top-up Benefit" × Lump Sum Valuation Factor) - Early Release Discharge Amount
$= ABC + ASC + PCI + (AP \times S \times PF_{y+m,s}) + (ABC \times RPF_{y+m,s}) + (SG \times LSF_{y+m,s}) - ERDA$
$= \$149,706.76 + \$1,225.76 + \$50,699.67 + (0.500310 \times \$89,221.00 \times 2.135405) + (\$149,706.76 \times 3.205175) + (\$61,431.33 \times 0.016307) - \$0.00$
$= \$149,706.76 + \$1,225.76 + \$50,699.67 + \$95,320.55 + \$479,836.36 + \$1,001.76 - \$0.00$
$= \$777,790.86$

Where:

$PF_{y+m,s}$
$= ((PF_{y,s} \times (12-m)) + (PF_{y+1,s} \times m))/12$
$= ((2.053120 \times (12-7)) + (2.194180 \times 7))/12$
$= ((2.053120 \times 5) + (2.194180 \times 7))/12$
$= (10.265600 + 15.359260)/12$

= 2.135405

RPFy+m,s
= ((RPFy,s × (12-m)) + (RPFy+1,s × m))/12
= ((3.232860 × (12-7)) + (3.185400 × 7))/12
= ((3.232860 × 5) + (3.185400 × 7))/12
= (16.164300 + 22.297800)/12
= 3.205175

LSFy+m,s
= ((LSFy,s × (12-m)) + (LSFy+1,s × m))/12
= ((0.020600 × (12-7)) + (0.013240 × 7))/12
= ((0.020600 × 5) + (0.013240 × 7))/12
= (0.103000 + 0.092680)/12
= 0.016307 (rounded up to maximum 6 decimals)

Calculation Method

Item 1. An interest that a person has in the CSS if: (a) the person is an eligible employee; and (b) the person is aged 65 years or less at the relevant date (**19/03/2010**).

$$ABC + ASC + PCI + (AP \times S \times PF_{y+m,s}) + (ABC \times RPF_{y+m,s}) + (SG \times LSF_{y+m,s}) - ERDA$$

where:

ABC (**$149,706.76**) is: (a) the person's accumulated basic contributions as those contributions would be calculated if he or she had ceased being an eligible employee at the relevant date (**19/03/2010**); or (b) if section 146MB of the 1976 Act applies to the interest - the amount calculated under paragraph (a), reduced in accordance with paragraph 146ME (2) (a) of the 1976 Act.

ASC (**$1,225.76**) is: (a) the sum of the following amounts, as those amounts would be calculated if the person had ceased being an eligible employee at the relevant date (**19/03/2010**): (i) the person's accumulated supplementary contributions; (ii) the amount of any benefit payable in respect of the person under section 110SN or 130D of the 1976 Act; or (b) if section 146MB of the 1976 Act applies to the interest - the amount calculated under paragraph (a), reduced in accordance with paragraph 146ME (2) (b), (d) or (e) of the Act, as applicable.

PCI (**$50,699.67**) is: (a) the accumulated employer contributions in respect of the person as those contributions would be calculated if he or she had ceased being an eligible employee at the relevant date (**19/03/2010**); or (b) if section 146MB of the 1976 Act applies to the interest - the amount calculated under paragraph (a), reduced in accordance with paragraph 146ME (2) (c) of the 1976 Act.

AP (**0.50031**) is: (a) the accrued pension multiple at the relevant date (**19/03/2010**) calculated as the pension multiple that would apply under section 56 of the 1976 Act for the person's period of contributory service at the relevant date (**19/03/2010**) if he or she were aged 65; or (b) if section 146MB of the 1976 Act applies to the interest - the accrued pension multiple calculated under paragraph (a), less the sum of any reduction factors (within the meaning given by subsection 146ME (6) of the 1976 Act) that would apply on the person's retirement at age 65.

12

S (**$89,221.00**) is the salary of the person by reference to which a benefit in respect of his or her interest is defined.

PF$_{y+m,s}$ (**2.135405**) is the factor calculated by:

$$\frac{PF_{y,s} \times \ 12\text{-}m \ + PF_{y+1,s} \times m}{12}$$

where:

PF$_{y,s}$ (**2.053120**) is the valuation factor mentioned in Table 1A (males) or Table 1B (females) in this Part that applies at the person's age in completed years (**53**) and period of membership in completed years (**30**) at the relevant date (**19/03/2010**).

m (**7**) is the number of complete months of the person's age that are not included in the completed years of age at the relevant date (**19/03/2010**).

PF$_{y+1,s}$ (**2.194180**) is the valuation factor mentioned in Table 1A (males) or Table 1B (females) in this Part that would apply to the person if the person's age in completed years were one year more (**54**) than it is at the relevant date (**19/03/2010**).

RPF$_{y+m,s}$ (**3.205175**) is the factor calculated by:

$$\frac{RPF_{y,s} \times \ 12\text{-}m \ + RPF_{y+1,s} \times m}{12}$$

where:

RPF$_{y,s}$ (**3.232860**) is the valuation factor mentioned in an item in Table 2A (males) or Table 2B (females) in this Part that applies at the person's age in completed years (**53**) and period of membership in completed years (**30**) at the relevant date (**19/03/2010**).

m (**7**) has the meaning given above.

RPF$_{y+1,s}$ (**3.185400**) is the valuation factor mentioned in Table 2A (males) or Table 2B (females) in this Part that would apply to the person if the person's age in completed years were one year more (**54**) than it is at the relevant date (**19/03/2010**).

SG (**$61,431.33**) is any superannuation guarantee top-up benefit to which the person would be entitled if he or she had ceased being an eligible employee at the relevant date (**19/03/2010**).

LSF$_{y+m,s}$ (**0.016307**) is the factor calculated by:

$$\frac{LSF_{y,s} \times \ 12\text{-}m \ + LSF_{y+1,s} \times m}{12}$$

where:

LSF$_{y,s}$ (**0.020600**) is the valuation factor mentioned in Table 3A (males) or Table 3B (females) in this Part that applies at the person's age in completed years (**53**) and period of membership in completed years (**30**) at the relevant date (**19/03/2010**).

m (**7**) has the meaning given above.

LSF$_{y+1,s}$ (**0.013240**) is the valuation factor mentioned in Table 3A (males) or Table 3B (females) in this Part that would apply to the person if the person's age in completed years were one year more (**54**) than it is at the relevant date (**19/03/2010**).

ERDA (**$0.00**) is the person's early release deduction amount within the meaning of subsection 79A (1) of the 1976 Act at the relevant date.

Short Resume of Trevor W.D. Lewis.

Current
Barrister-at-Law (Brisbane Bar)

Prior Qualifications & Admissions
Bachelor of Commerce (UQ)
Bachelor of Laws.
Solicitor, admitted Queensland 1993.
Solicitor, admitted High Court of Australia 1994.
Solicitor, admitted New South Wales 1994.
Barrister & Solicitor, admitted Western Australia 2000.
Barrister, admitted Queensland 2006.
Barrister, admitted High Court of Australia 2006.
Member, Family Law Section, Law Council of Australia.
Developer of SuperSolver software.

2006 – Present
Barrister-at-Law (Brisbane Bar) – practising in commercial litigation, intellectual property, family law superannuation.

1996 – Present
Director & Computer Programmer/Analyst, Lawtech (Aust) Pty Ltd.
Developing software solutions for legal practice. From January 2003 full-time study of the super-splitting laws which came into effect December 2002, the development of commercial (SuperSolver) software which values superannuation interests (used for example by Federal Magistrates Court at Melbourne) and private consulting in respect of valuation of superannuation interests. Presenter, Valuation of Family Law Superannuation Interests, North Queensland Law Association Annual Conference October 2003.

December 1991 to 2003
Solicitor employed in private sector (as articled clerk 1991 – 1993).

November 1987 to November 1991
Self-employed computer programmer.

October 1981 to October 1987
Technical Branch - Australian Taxation Office, Collins Street Melbourne. Tax assessing at all levels. Two years in the commercial litigation section, including "Bottom of the Harbour" schemes. Computer programming special tax assessments not handled by mainframe.