

Investments

Bricks & Mortar Fund

Annual Financial Report 2010

Colonial First State Investments Ltd
ABN 98 002 348 352 | AFS Licence 232468

We want what you want

Colonial
First State



Dear Investor

Annual Financial Report

We are pleased to present the reports for the financial year ended 30 June 2010 for the Colonial First State Bricks & Mortar Fund.

This statement is the final component of the reporting information for the 2009–2010 financial year.

If you have any questions about the Annual Financial Report please call Investor Services on **13 13 36** Monday to Friday, 8am to 7pm, Sydney time.

Yours sincerely,

A handwritten signature in blue ink that reads "Brian Bissaker". The signature is written in a cursive, flowing style.

Brian Bissaker

Chief Executive Officer

COLONIAL FIRST STATE BRICKS & MORTAR FUND

ARSN 092 184 168

ABN 64 357 320 505

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

Responsible Entity of the Fund:

**COLONIAL FIRST STATE
INVESTMENTS LIMITED
ABN 98 002 348 352**

Level 29, 52 Martin Place
SYDNEY NSW 2000

COLONIAL FIRST STATE BRICKS & MORTAR FUND

INDEX

	Page
Directors' Report	1 - 4
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Change in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10 - 26
Directors' Declaration	27
Independent Auditor's Report to the Unitholders	28 - 29

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Bricks & Mortar Fund ("the Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2010.

Principal Activity

The Fund was closed to further applications from new members on 31 December 1999. Notwithstanding, Colonial First State Bricks & Mortar Fund continues to invest in interest bearing interest investments being predominantly first registered mortgages over properties located in major Australian cities, providing diversification through security type as well as geographical location.

Due to the fund's suspension, and significant demand for redemptions from investors, the Responsible Entity is currently not sourcing new mortgages. While seeking to protect capital, the Responsible Entity's methods of asset selection also provides for more stable income returns.

The Responsible Entity's current investment policy is to lend up to 70% of property valuation.

No single mortgage investment exceeds 10% of the Fund. It is the current policy of the Responsible Entity not to include construction or specialised property loans in the portfolio.

Date of Constitution and Registration of the Fund

The date of the Constitution and registration of the Fund with the Australian Securities & Investments Commission (ASIC) was 31 March 2000.

Review of Operations

Unit Price

Units in the Fund are valued at \$1.00 and interest is calculated and accrued daily.

Income

The monthly distributions and income rates for the Fund for the reporting years ended 30 June 2010 and 30 June 2009 are disclosed in Note 4 to the financial statement.

Management Costs and Indirect Cost Ratio (ICR)

The Indirect Cost Ratio is the ratio of the Fund's management costs over the Fund's average net assets attributable for the year, expressed as a percentage.

Management cost include management fees and other expenses or reimbursements deducted in relation to the Fund, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Fund.

The ICR of the Fund for the year ended 30 June 2010 is 1.20% (30 June 2009 was 1.20%).

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

Review of Operations (continued)

Performance

The income level paid to investors after fees during the year was 3.88% compared with 6.61% for the prior year.

Responsible Entity and Directors

The Responsible Entity of the Fund is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (ABN 48 123 123 124).

The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Grahame Anthony Petersen	
Lynette Elizabeth Cobley	Appointed 11/11/2009
Brian Vincent Bissaker	
Gregg Johnston	Appointed 04/08/2009
Peter Robert Winney	
Bradley Brian Massey	
Paul Alexander Rayson	Resigned 28/07/2009
Michael John Venter	Resigned 16/09/2009

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

Scheme Information

The Fund is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

Unit Pricing Adjustments Policy

There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and where relevant transaction costs. When the factors used to calculate the unit price are incorrect an adjustment to the unit price may be required. The Responsible Entity uses a variance of 0.30% in the unit price before correcting the unit price.

If a unit pricing error is greater than these tolerance levels the Responsible Entity will:

- compensate unitholders' accounts balance if they have transacted on the incorrect unit price or make other adjustments as the Responsible Entity may consider appropriate, or
- where unitholders' accounts are closed we will send them a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases we may compensate where the unit pricing error is less than the tolerance levels.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

Matters Subsequent to the End of the Reporting Year

With the exception of the withdrawal payments from the Fund (refer to Note 15), no matters or circumstances have arisen since 30 June 2010 that have significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Likely Developments and Expected Results of Operations

The Fund will continue to pay investor redemption requests as liquidity allows (refer to Note 15). The Fund is expected to continue to operate within the terms of the Constitution, and will continue to invest in accordance with the investment objectives and guidelines.

Significant Changes in the State of Affairs

There was no significant change in the nature of the Fund's activities during the year.

Indemnification and Insurance Premiums for Officers and auditors

No insurance premiums are paid for out of the assets of the Fund in relation to insurance cover provided to Colonial First State Investments Limited or the auditors of the Fund. So long as the officers of Colonial First State Investments Limited act in accordance with the Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

The Commonwealth Bank of Australia has paid insurance premiums for the benefit of the officers of the Responsible Entity and the compliance committee members. Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the insurance contracts.

Fees Paid to and Interest Held in the Fund by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of the Fund's assets during the year are disclosed in Note 8(c) to the financial statements.

No fees were paid to the Directors of the Responsible Entity during the year out of the Fund's assets.

There are no interests in the Fund held by the Responsible Entity or its associates at the end of the year.

Interests in the Fund

The units issued and redeemed in the Fund during the year and the number of units on issue at the end of the reporting year are set out in Note 6(a) to the financial statements. The value of the Fund's investments at the end of the reporting year is set out in the Balance Sheet.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

Environmental Regulations

The operations of the Fund are not subject to any particular environmental regulations under Commonwealth, State or Territory law. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Rounding of amounts to the nearest thousand dollars

The Fund is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Applications, Withdrawals and Switches Suspension

Effective from 3.00pm Friday 24th October 2008, the Fund was declared illiquid and the application, withdrawal and switch processes were suspended, with the exception of distributions reinvested. The application of units through the reinvestment of distributions will continue to be processed in accordance with the Product Disclosure Statement.

The suspension was to ensure withdrawal requests could be responded to in a measured and orderly way in the best interests of unitholders.

The Responsible Entity intends to process withdrawal and switch requests on a quarterly basis (or such other intervals determined from time to time), depending on the level of cash available within the Fund to meet those requests at that time. Payments may also be made from time to time from the Fund where the Financial Hardship criteria is met (refer to Note 15). The cash available in the Fund will depend on asset sales and the repayment of maturing mortgages. Any payment made in respect of a withdrawal or switch request will be calculated at a unit price determined at the time the payment is to be made.

Applications into the Fund may be accepted by the Responsible Entity and processed in the same manner as withdrawals discussed above.

Please refer to Note 15 for details on the quarterly withdrawal offers made during the year ending 30 June 2010.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on Page 5.

Signed in accordance with a resolution of the Directors of Colonial First State Investments Limited.



Bradley Brian Massey
Director
Sydney
6 September 2010

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Bricks & Mortar Fund for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Colonial First State Bricks & Mortar Fund during the period.



A J Wilson
Partner
PricewaterhouseCoopers

Sydney
06 September 2010

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	01/07/2009 - 30/06/2010 \$'000	01/07/2008 - 30/06/2009 \$'000
Investment income			
Interest income	3(a)	4,597	7,169
Other income		1	-
Total investment income		4,598	7,169
Expenses			
Responsible Entity's management fees	8(c)	1,110	1,282
Provision for doubtful debts	14	500	-
Other expenses	z	105	130
Total operating expenses		1,715	1,412
Operating profit attributable to unitholders		2,883	5,757
Distributions to unitholders	4	(3,566)	(6,949)
Change in net assets attributable to unitholders from operations	6(a)	683	1,192
Profit/(Loss) for the period		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**BALANCE SHEET
AS AT 30 JUNE 2010**

	Note	30/06/2010 \$'000	30/06/2009 \$'000
Assets			
Cash and cash equivalents		7,918	5,019
Trade and other receivables:			
- interests		25	18
- others		97	125
Financial assets held for trading	5	38,912	41,922
Mortgages	13	37,657	52,934
Total assets		84,609	100,018
Liabilities			
Trade and other payables:			
- others		32	22
Distribution payable		151	225
Fees due to Responsible Entity	8(c)	278	321
Total liabilities (excluding net assets attributable to unitholders)		461	568
Net assets attributable to unitholders - liability	6(a)	84,148	99,450
Represented by:			
Fair value of outstanding units based on redemption value		84,936	99,558
Under or (over) distributions		(788)	(108)
Net assets attributable to unitholders		84,148	99,450

The above Balance Sheet should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	01/07/2009 - 30/06/2010 \$'000	01/07/2008 - 30/06/2009 \$'000
Total equity at the beginning of the financial year	-	-
Total comprehensive income for the financial year	-	-
Transactions with equity holders in their capacity as equity holders	-	-
Total equity at the end of the financial year	-	-

Under the terms of the Fund's constitution, unitholders have a present entitlement to the distributable income of the Fund and therefore all net assets attributable to unitholders have been recognised as liabilities of the Fund, rather than as equity. As a result there was no equity at the start or end of the period.

The above Statement of Changes in Equity should be read in conjunction with Note 6(a).

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

Note	01/07/2009 - 30/06/2010	01/07/2008 - 30/06/2009
	\$'000	\$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments held for trading	505,441	328,614
Payments for purchase of financial instruments held for trading	(502,398)	(330,285)
Net repayment or (payment) of mortgage assets	14,736	22,989
Interest received	4,599	7,856
Responsible Entity fee paid	(1,124)	(1,092)
Other expenses paid	(96)	(129)
Net cash from operating activities	21,158	27,953
	7(a)	
Cash flows from financing activities		
Receipts from issue of units	-	768
Payment for redemption of units	(15,930)	(21,143)
Distributions paid	(2,329)	(4,608)
Net cash used in financing activities	(18,259)	(24,983)
Net movement in cash and cash equivalents	2,899	2,970
Add opening cash and cash equivalents brought forward	5,019	2,049
Closing cash and cash equivalents carried forward	7,918	5,019

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Fund's Constitution and the requirements of the Corporations Act 2001, which includes Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be settled within twelve months, except for financial assets held for trading, mortgages and net assets attributable to unitholders. The amounts expected to be recovered or settled after more than twelve months in relation to these balances cannot be reliably determined, except as otherwise stated.

The financial report was authorised for issue by the Directors of the Responsible Entity on 27 August 2010.

Both the functional and presentation currency of the Fund is Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

Certain prior year comparative disclosures have been updated to conform to current year presentation.

(c) Mortgages and Money Market Securities

All mortgages are classified as loan and receivables and are initially recognised at cost, being the fair value of the consideration issued.

After initial recognition, mortgages are subsequently measured at amortised cost less impairment, using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Impairment charges are recognised when the carrying value exceeds the estimated recoverable amount. The impairment charge is included in other expenses.

Money market securities are classified as financial assets held for trading, and initially recognised at fair value not including transaction costs, which are expensed in the Statement of Comprehensive Income.

The money market securities are recognised on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the money market securities from this date.

The derecognition of the money market securities take place when the Fund no longer controls the contractual rights that comprise the money market security, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

After initial recognition, the money market securities are revalued to fair value at each reporting date.

The fair value of the money market securities are determined by reference to the current market value of another instrument which is substantively the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Gains and losses are recognised in the Statement of Comprehensive Income when the mortgage or money market security is derecognised, amortised or impaired.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Interest income

Income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(e) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheets comprise cash at bank, deposits at call in a futures and/or options cash account and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statements, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

(f) Trade and Other Receivables

Receivables are recognised and carried at the original invoice amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

(g) Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Fund.

Payables include outstanding settlements on the purchase of financial assets and liabilities held for trading and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

(h) Taxation

Under current legislation, the Fund is not subject to income tax provided the unitholders are presently entitled to the income of the Fund and the Fund fully distributes its taxable income.

(i) Distributions

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to unitholders. Distributions are payable monthly. Such distributions are determined by reference to the taxable income of the Fund. Distributable income includes capital gains arising from the disposal of financial assets held for trading. Unrealised gains and losses on financial assets held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Terms and Conditions on Units

Each unit issued confers upon the unitholders an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- receive income distributions;
- attend and vote at meetings of unitholders;
- participate in the termination and winding up of the Fund; and
- have their units redeemed. However as the Fund has been declared illiquid, the Responsible Entity has suspended the redemption of units in the Fund.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(k) Net Assets Attributable to Unitholders

Under the terms of the Fund's constitution, unitholders have a present entitlement to the distributable income of the Fund and therefore all net assets attributable to unitholders have been recognised as liabilities of the Fund, rather than as equity. The classification of net assets attributable to unitholders does not alter the underlying economic interest of the unitholders in the net assets and net profit attributable to unitholders of the Fund.

(l) Goods and Services Tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Fund from the Australian Taxation Authority are recognised as a receivable in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(m) Expense Recognition

Expenses are recognised in the Statement of Comprehensive Income when the Fund has a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the Statement of Comprehensive Income if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheet.

(n) Capital Guarantee

The Responsible Entity has guaranteed to reimburse the Fund any capital shortfall in order to provide for the payment to unitholders in the Fund of the base repurchase price (\$1.00) less any exit fee payable. The Responsible Entity also covenants to pay to investors a minimum rate of return of the Fund which is set at the beginning of each month.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The impact of these new standards and interpretations is set below:

- AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9

AASB 9, the standard is not applicable until 1 January 2013. The Fund has not yet decided when to adopt this standard. The standard only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded - available-for-sale debt investments. Application of this standard will not have a significant impact on the Fund's financial statements as the Fund does not hold any available-for-sale investments.

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]

The Fund will apply the revised Standards from 1 July 2010. The Fund does not expect that any adjustments will be necessary as a result of applying the revised rules.

- Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards

AASB 124 (Revised) is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The Fund will apply the amended standard from 1 July 2011. The Fund already disclosing all transactions between its subsidiaries and its associates. The revised standard will not have significant effect on the Fund's financial statements.

(q) Comparatives

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures and presentation in the current year.

(p) Use of Estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The fair value of the money market securities are determined by reference to the current market value of another instrument which is substantively the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Mortgage assets are assessed for impairment at each reporting date. The provision for impairment is estimated as the difference between the carrying value of the mortgage and the estimated recoverable amount.

2. AUDITORS' REMUNERATION

Auditors' remuneration in respect of auditing the financial report is fully paid by the Responsible Entity.

Other services provided by the auditors are the audit of the compliance plan of the Fund and tax compliance services. The auditors' non-audit remuneration is not paid by the Fund.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

3. INTEREST INCOME, OTHER INCOME AND OTHER EXPENSES

(a) Interest Income

The interest income of the Fund is summarised as follows:

	01/07/2009 - 30/06/2010 \$'000	01/07/2008 - 30/06/2009 \$'000
Cash and cash equivalents	155	195
Money market securities	1,578	2,270
Mortgage loans	2,864	4,704
Total Interest Income	4,597	7,169

(b) Other Expenses

	2010 \$'000	2009 \$'000
Mortgage originator fees	95	118
Other expenses	10	11
	105	129

4. DISTRIBUTIONS

The amounts distributed and the income rate distributed during the year were:

Month ended	2010		2009	
	Income rate %	\$'000	Income rate %	\$'000
- 31 July	4.00	338	6.90	681
- 31 August	4.00	339	6.90	674
- 30 September	4.00	316	6.90	647
- 31 October	4.00	325	6.90	661
- 30 November	4.00	315	6.90	635
- 31 December	4.00	326	6.90	657
- 31 January	4.00	315	6.90	618
- 28 February	3.50	246	6.90	538
- 31 March	3.50	273	6.90	596
- 30 April	3.50	259	6.90	578
- 31 May	3.50	252	4.00	337
- 30 June	3.75	262	4.00	327
		3,566		6,949

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

5. FINANCIAL ASSETS HELD FOR TRADING

	30/6/2010 \$'000	30/6/2009 \$'000
- Bank Accepted Bills	16,965	24,956
- Negotiable Certificate of Deposit	21,947	16,966
Total Money Market Securities	38,912	41,922

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of financial instruments traded in active markets (such as shares in listed companies and publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the last sale price. These instruments are included in Level 1. Investments in unlisted managed investment schemes which have daily liquidity are also classified as Level 1.

The fair value of financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices or alternative pricing sources supported by observable inputs (such as over-the-counter derivatives) are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include shares in unlisted companies, certain unlisted unit trusts and certain corporate bonds. As observable inputs are not available for these instruments, valuation techniques such as discounted cash flows are used to derive fair value.

The various methods adopted in determining the fair value of the Fund's financial instruments are further explained in Note 1.

The table below presents the Fund's financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices (Level 1), those involving valuation techniques where all the model inputs are observable in the market (Level 2) and those where the valuation technique involves the use of non-market observable inputs (Level 3).

Financial Assets Held for Trading:	30/06/2010			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Money Market Securities				-
- Australian Money Market	-	38,912	-	38,912
Total Financial Assets Held for Trading	-	38,912	-	38,912

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The terms and conditions attached to units in the Fund can be found in Note 1(k).

(a) Movements in number of units and net assets attributable to unitholders during the year were as follows:

	01/07/2009 - 30/06/2010		01/07/2008 - 30/06/2009	
	No.'000	\$'000	No.'000	\$'000
Opening balance	99,558	99,450	117,310	118,394
Applications	-	-	768	768
Redemptions	(15,930)	(15,930)	(21,072)	(21,072)
Units issued upon reinvestment of distributions	1,311	1,311	2,552	2,552
Change in net assets attributable to unitholders from operations	-	(683)	-	(1,192)
Closing Balance	84,939	84,148	99,558	99,450

(b) Capital Risk Management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. Prior to the Fund's suspension, the amount of net assets attributable to unitholders could change significantly on a daily basis as the Fund was subject to daily applications and redemptions at the discretion of unitholders.

Effective from 3.00pm Friday 24th October 2008, the Fund was declared illiquid and the application, withdrawal and switch processes were suspended, until further notice. This was to ensure withdrawal requests could be responded to in a measured and orderly way in the best interests of unitholders.

The Responsible Entity intends to process withdrawal and switch requests on a quarterly basis (or such other intervals determined from time to time), depending on the level of cash available within the Fund to meet those requests at that time. The cash available in the Fund will depend predominately on asset sales and the repayment of maturing mortgages.

Please refer to Note 15 for details on the quarterly withdrawal offer made to date.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7. CASH AND CASH EQUIVALENTS

(a) Reconciliation of Net Profit Attributable to Unitholders to Net Cash from Operating Activities

	2010 \$'000	2009 \$'000
Net profit attributable to unitholders	2,883	5,757
Proceeds from sale of money market securities and mortgages	520,177	351,603
Purchase of money market securities and mortgages	(502,398)	(330,285)
Provision for doubtful debts	500	-
Changes in assets and liabilities:		
Other receivables	28	(8)
Interest receivables	1	762
Other payables	10	(74)
Responsible Entity fees	(43)	198
Net Cash From Operating Activities	21,158	27,953

(b) Non-cash financing activities carried out during the year on normal commercial terms and conditions included:

Reinvestment of unitholders distributions as disclosed in Statement of Changes in Net Asset Attributable to Unitholders and Note 6(a) under "Units issued upon reinvestment of distributions".

(c) Terms and Conditions on Cash

Cash at bank and in hand, cash held in collateral and deposits at call in a futures and/or options cash account, earn interest at floating rate as determined by the financial institutions.

8. RELATED PARTIES DISCLOSURES

(a) Responsible Entity

The Responsible Entity of the Fund is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (the Bank).

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

(b) Details of Key Management Personnel

(i) Key Management Personnel

The Directors of the Colonial First State Investments Limited are considered to be Key Management Personnel. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Grahame Anthony Petersen	
Lynette Elizabeth Cobley	Appointed 11/11/2009
Brian Vincent Bissaker	
Gregg Johnston	Appointed 04/08/2009
Peter Robert Winney	
Bradley Brian Massey	
Paul Alexander Rayson	Resigned 28/07/2009
Michael John Venter	Resigned 16/09/2009

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8. RELATED PARTIES DISCLOSURES (continued)

(b) Details of Key Management Personnel (continued)

(ii) Compensation of key management personnel

No amounts are paid by the Fund directly to the Directors of the Responsible Entity of the Fund.

The Directors of the Responsible Entity receive compensation in their capacity as Directors of the Responsible Entity. Directors are employed as executives of the Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Consequently, no compensation as defined in AASB 124: Related Parties is paid by the Fund to the Directors as Key Management Personnel.

(c) Responsible Entity's Management Fees

Under the terms of the Constitution, the Responsible Entity is entitled to receive a monthly management fee which is expressed as a percentage of the total assets of the Fund (i.e. excluding liabilities). Management fees are paid directly by the Fund. Management fees are calculated at 1.20% per annum (2009 - 1.20% per annum). All related party transactions are conducted on normal commercial terms and conditions.

The Responsible Entity's fees for the years ended 30 June 2010 and 30 June 2009 are \$1,109,512 and \$1,282,049 respectively. As at 30 June 2010 and 30 June 2009, the total amount owed to the Responsible Entity in relation to management fees are \$278,405 and \$321,018 respectively.

(d) Bank and Deposit Accounts

The bank account for the Fund is held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis. Various short term money market securities are from time to time transacted through the Commonwealth Bank of Australia which receives a fee which is negotiated on an arm's length basis.

(e) Unit holdings

Colonial First State Investments Limited, its affiliates and other Funds managed by Colonial First State Investments Limited as well as the Directors of Colonial First State Investments Limited do not hold any units in the Fund.

(f) Capital Guarantee

The Responsible Entity has guaranteed to reimburse the Fund any capital shortfall in order to provide for the payment to unitholders in the Fund of the base repurchase price (\$1.00) less any exit fee payable. The Responsible Entity also covenants to pay to investors a minimum rate of return of the Fund which is set at the beginning of each month.

9. SEGMENT INFORMATION

The Fund operates in one business segment, being investment management. The Fund also operates from one geographic location being Australia, from where its investing activities are managed. Revenue is derived mainly from interest.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

10. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Constitution and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the respective investment management department (Investment Manager) and regularly monitored by the Compliance Department of the Responsible Entity.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk.

(a) Market Risk

(i) Interest rate risk

The Fund's investments in interest bearing financial assets are exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Fund is exposed to cash flow interest rate risk on financial instruments at variable rates. Financial instruments at fixed rates expose the Fund to fair value interest rate risk. The risk is measured using sensitivity analysis.

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values.

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30/06/2010				
Financial assets				
Cash and cash equivalents	7,918	-	-	7,918
Receivables	-	-	122	122
Money market securities	-	38,912	-	38,912
Mortgages	33,257	4,400	-	37,657
Financial liabilities				
Payables	-	-	(461)	(461)
	41,175	43,312	(339)	84,148
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	41,175	43,312	(339)	84,148

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(i) Interest rate risk (continued)

30/06/2009	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	5,019	-	-	5,019
Receivables	-	-	143	143
Money market securities	-	41,922	-	41,922
Mortgages	37,378	15,556	-	52,934
Financial liabilities				
Payables	-	-	(568)	(568)
	42,397	57,478	(425)	99,450
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	42,397	57,478	(425)	99,450

An analysis of financial liabilities by maturities is provided in paragraph (d) below.

The table in Note 10(b) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 60 basis points (2009: +/- 50 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of cash and cash equivalents and mortgages.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Fund's operating profit or loss and net assets attributable to unitholders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates. However, actual movements in the risk variables may be greater than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies and markets in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Interest rate risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders	
	-60 basis points \$'000	+60 basis points \$'000
30/6/2010	(481)	481
	-50 basis points \$'000	+50 basis points \$'000
30/6/2009	(422)	422

(c) Credit risk

Credit risk primarily arises from investments in debt securities and mortgage assets at amortised cost. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers.

(i) Money market securities

The Fund invests in money market securities which have an investment grade as rated by the Standard & Poor's rating agency. For unrated assets a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies.

determined by the Standard and Poor's or equivalent agency).

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. An analysis of money market securities by rating is set out in the table below.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

10. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(i) Money market securities (continued)

Rating	30/6/2010 \$'000	30/6/2009 \$'000
AA+	-	-
AA	14,968	40,922
AA-	-	-
A+	-	-
A	-	-
Others	-	1,000
Non rated	23,944	-
Total	38,912	41,922

(ii) Mortgage Assets

The Fund invests into mortgage assets through the provision of commercial mortgages in Australia.

Upon origination of each mortgage the credit risk of the mortgagee is analysed using the following measures:

- interest cover ratio,
- mortgage loan to value ratio,
- credit checks on mortgagee,
- suitability of security property,
- asset position of mortgagee and
- overall interest cover position of the mortgagee.

The Fund is exposed to the underlying credit quality of the mortgagee and the assets that are held as securities. The Investment Manager manages these credit risks by performing;

- mortgages are reviewed periodically to reassess the above factors,
- mortgages in arrears are reported to risk and credit committee on a monthly basis, and
- review of mortgage portfolio undertaken as necessary in light of changed market conditions.

The Investment Manager has reviewed the recoverability of the mortgage portfolio based on the above. The Investment Manager considered a provision of \$500,000 is required for the Fund due to the impairment of certain mortgages.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

10. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

Prior to the Fund's suspension, the Fund was exposed to daily cash redemptions of redeemable units. The Fund primarily invests in mortgages and money market securities. Money market securities are short to medium term in nature and can have maturity dates of between one week and six months. The mortgage assets are not readily realisable.

The Fund's financial liabilities primarily consist of redemptions payable to unitholders at year end as well as other payables such as the accruals of management fees and distributions payable at year end. All financial liabilities of the Funds are contractually due within 30 days. However, as the Fund has been declared illiquid, redemptions requested will be processed on a quarterly basis (or such other intervals determined from time to time), depending on the level of cash available within the Fund to meet those requests at that time, while still retaining the asset allocation of the Fund. Details of the redemptions requested during the year are disclosed in Note 15.

(e) Fair Value Estimation

The Fund's financial assets and liabilities included in the Balance Sheet are carried at their fair values or at amounts that approximate their fair values, except for mortgage assets as disclosed below:

	30/6/2010		30/6/2009	
	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000
Mortgage assets at amortised cost	37,705	37,657	51,719	52,934

The fair value of mortgages is determined using a valuation model which discount the borrower's remaining contractual repayments (including principal) at the current market rate.

11. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2010 the Fund has no contingent liabilities and commitments (2009 - none).

12. EVENTS AFTER BALANCE SHEET DATE

Since the reporting date no significant events have occurred that required reporting (2009 - none).

13. ADDITIONAL DISCLOSURES FOR MORTGAGES

(a) Summary of Mortgage assets

The Mortgage assets for the Fund are summarised as follows:

	30/6/2010		30/6/2009	
	Number	\$'000	Number	\$'000
Progress payments mortgages	-	-	-	-
Current mortgages	39	37,657	59	52,934
Mortgages in arrears	-	-	-	-
	39	37,657	59	52,934

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

13. ADDITIONAL DISCLOSURES FOR MORTGAGES (continued)

(b) Geographic Profile of Mortgages

	30/6/2010		30/6/2009	
	\$'000	%	\$'000	%
Australian Capital Territory	-	0.00%	-	0.00%
New South Wales	26,194	69.56%	36,449	68.86%
Queensland	3,120	8.29%	3,739	7.06%
South Australia	308	0.82%	311	0.59%
Tasmania	1,553	4.12%	2,264	4.28%
Victoria	6,482	17.21%	10,171	19.21%
	37,657	100.00%	52,934	100.00%

(c) Property Type Securing Mortgages

	30/6/2010		30/6/2009	
	\$'000	%	\$'000	%
Improved Industrial	9,938	26.39%	15,569	29.41%
Improved Office	8,628	22.91%	9,992	18.88%
Improved Residential	2,254	5.99%	3,203	6.05%
Improved Retail	16,837	44.71%	24,170	45.66%
	37,657	100.00%	52,934	100.00%

(d) Maturity Profile of Mortgages

	30/6/2010		30/6/2009	
	\$'000	%	\$'000	%
Past maturity	-	-	-	0.00%
Less than 1 year	-	0.00%	6,727	12.71%
1 to 2 years	10,511	27.91%	14,296	27.01%
2 to 3 years	13,722	36.44%	18,260	34.50%
3 - 4 years	11,122	29.54%	11,262	21.28%
4 - 5 years	2,302	6.11%	2,389	4.51%
Greater than 5 years	-	0.00%	-	0.00%
	37,657	100.00%	52,934	100.00%

(e) Material Mortgages

The number of mortgagors with mortgage balance greater than 5% of the total mortgage assets of the Fund are as follows:

	30/6/2010		30/6/2009	
	Number	\$'000	Number	\$'000
5% to 5.99% of the mortgage assets	2	4,108	2	6,063
6% to 6.99% of the mortgage assets	1	2,473	1	3,416
7% to 7.99% of the mortgage assets	1	2,977	-	-
	4	9,558	3	9,479

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

13. ADDITIONAL DISCLOSURES FOR MORTGAGES (continued)

(f) Interest Rate Profile of Mortgages

	30/6/2010		30/6/2009	
	\$'000	%	\$'000	%
Fixed Mortgages:				
Less than 4.5%	-	0.00%	-	0.00%
4.5% to 4.99%	-	0.00%	-	0.00%
5% to 5.49%	-	0.00%	-	0.00%
5.5% to 5.99%	-	0.00%	-	0.00%
6 % to 6.49%	-	0.00%	-	0.00%
6.5 to 6.99%	-	0.00%	-	0.00%
7% to 7.49%	2,927	7.77%	7,421	14.02%
7.5% to 7.99%	956	2.54%	5,304	10.02%
8% to 8.49%	517	1.37%	784	1.48%
8.5% to 8.99%	-	0.00%	-	0.00%
9% to 9.49%	-	0.00%	1,708	3.23%
9.5% to 9.99%	-	0.00%	-	0.00%
Greater than 10%	-	0.00%	159	0.30%
Variable Mortgages:				
Less than 4.5%	-	0.00%	8,003	15.12%
4.5% to 4.99%	-	0.00%	24,151	45.62%
5% to 5.49%	-	0.00%	2,857	5.40%
5.5% to 5.99%	10,949	29.08%	1,316	2.49%
6 % to 6.49%	10,875	28.88%	914	1.73%
6.5 to 6.99%	2,782	7.39%	-	0.00%
7% to 7.49%	1,300	3.45%	-	0.00%
7.5% to 7.99%	5,905	15.68%	-	0.00%
8% to 8.49%	1,446	3.84%	-	0.00%
8.5% to 8.99%	-	0.00%	317	0.60%
9% to 9.49%	-	0.00%	-	0.00%
9.5% to 9.99%	-	0.00%	-	0.00%
Greater than 10%	-	0.00%	-	0.00%
	37,657	100.00%	52,934	100.00%

14. PROVISIONS FOR IMPAIRMENT

The value for mortgages recognised in the Balance Sheet includes provisions for impairment losses totalling \$500,000 (30 June 2009 - Nil).

The mortgages in the Fund do not have an individually assessed provision and are assessed collectively for impairment.

Movements in the provision during the period is set out below:

	30/6/2010 \$'000	30/6/2009 \$'000
Collective provision		
Opening Balance	-	-
Additions	500	-
Total provisions for impairment losses	500	-

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

15. REDEMPTIONS

Unitholders can request redemptions from the Fund in accordance with the terms of any withdrawal offer made by the Responsible Entity or under Financial Hardship withdrawal criteria (pursuant to relief from the Australian Securities and Investments Commission (ASIC) dated 11 November 2008), subject to the Fund having available cash.

Financial Hardship Payments

A unitholder can request a Financial Hardship withdrawal which meets at least one of the criteria below. The amount of withdrawal payments is subject to limits set out in the ASIC relief.

- (i) severe financial hardship (e.g. where the unitholder is unable to meet reasonable and immediate living expenses);
- (ii) on compassionate grounds (e.g. medical costs for serious illness, funeral expenses, to prevent foreclosure, binding pre-existing financial obligation); and
- (iii) in the case of permanent incapacity.

Withdrawal Offers

The withdrawal offers will be made and processed in accordance with Section 601KB of the Corporations Act 2001 to all unitholders in the Fund:

- (i) where there is sufficient cash available to meet all withdrawal requests made by unitholders under the offer, all requests will be met in full; or
- (ii) where there is not sufficient cash available to meet all withdrawal requests made by unitholders under the offer, requests will be processed on a proportional basis. The Responsible Entity may set a minimum payment for a withdrawal offer.

The total redemptions requested and paid in the withdrawal offer that was open to unitholders during the year were as follows:

Redemption offer period	Total redemptions requested \$	Total redemptions paid \$	Payment date
15 July 2009 to 18 August 2009	7,268,066	4,100,956	9 September 2009
18 November 2009 to 22 December 2009	6,993,967	4,491,828	11 January 2010
9 March 2010 to 7 April 2010	12,318,480	7,008,708	23 April 2010

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2010

In accordance with a resolution of the Board of Directors of Colonial First State Investments Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes to the financial statements of the Colonial First State Bricks & Mortar Fund ("the Fund") are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Fund's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Bradley Brian Massey
Director
Sydney
6 September 2010

Independent auditor's report to the unitholders of Colonial First State Bricks & Mortar Fund

Report on the financial report

We have audited the accompanying financial report of Colonial First State Bricks & Mortar Fund (the Fund), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Colonial First State Bricks & Mortar Fund.

Directors' responsibility for the financial report

The directors of the Colonial First State Investments Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the unitholders of Colonial First State Bricks & Mortar Fund (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Colonial First State Bricks & Mortar Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the fund's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Colonial First State Bricks & Mortar Fund (the Fund) for the year ended 30 June 2010 included on Colonial First State Investments Limited (the responsible entity) web site. The responsible entity's directors are responsible for the integrity of the Colonial First State Investments Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



PricewaterhouseCoopers



A J Wilson
Partner

Sydney
06 September 2010

This page has been left blank intentionally.

Enquiries

Investor Services: **13 13 36**

Website: **colonialfirststate.com.au**

Email: **contactus@colonialfirststate.com.au**

The Colonial First State Bricks & Mortar Fund Prospectus was issued on 23 August 1999.

15593/FS2115/0910

We want what you want

Colonial
First State