

Bricks & Mortar Fund

2012 Annual Financial Report

Investments

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





Dear Investor

Annual Financial Report

We are pleased to present the reports for the financial year ended 30 June 2012 for the Colonial First State Bricks & Mortar Fund.

This statement is the final component of the reporting information for the 2011–2012 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 black ink, appearing to read 'L Elkins', with a stylized flourish at the end.

Linda Elkins
General Executive Officer

COLONIAL FIRST STATE BRICKS & MORTAR FUND

ARSN : 92 184 168

**FINANCIAL REPORT
FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

Responsible Entity of the Fund:

**COLONIAL FIRST STATE
INVESTMENTS LIMITED**

ABN 98 002 348 352

Ground Floor Tower 1, Sussex Street
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 Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10 - 28
Directors' Declaration	29
Independent Audit Report to the Unitholders	30 - 31

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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 period from 1 July 2011 to 30 June 2012.

Reporting Period

The current reporting period for the financial report is from 1 July 2011 to 30 June 2012. The comparative reporting period is from 1 July 2010 to 30 June 2011.

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 and money market securities.

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 current method of asset selection provides for more stable income returns. This method of asset selection is outside the asset allocation stated in the Product Disclosure Statement in order to enable it to better meet the redemption requests of its unitholders.

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

Date of Constitution and Registration of Fund

The dates of the Constitution and registration of the Fund with the Australian Securities & Investments Commission (ASIC) were as follows:

Date of Constitution	31/03/2000
Date of Registration	31/03/2000

Review of Operations

Income

The monthly distributions and income rates for the Fund for the current and previous reporting periods are disclosed in Note 4 to the financial statements.

Exit Prices

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

Performance

The income level paid to investors after fees for the current and previous reporting periods are:

	2012 %	2011 %
Annualised return	3.93	3.90

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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 since incorporation and up to the date of the report are:

Annabel Fitzgerald Spring	Appointed on 14 October 2011.
Lynette Elizabeth Cobley	
Michael John Venter	Appointed on 4 July 2011.
Peter Robert Winney	
Bradley Brian Massey	
Peter John Taylor (Alternate to Annabel Fitzgerald Spring)	Appointed 7 November 2011.
Gregg Johnston	Resigned on 4 July 2011.
Grahame Anthony Petersen	Resigned on 14 October 2011.
Brian Vincent Bissaker	Resigned on 8 May 2012.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, 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 Ground Floor Tower 1, 201 Sussex Street, 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.

Significant Changes in the State of Affairs

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

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

Matters Subsequent to the End of the Financial Period

No matters or circumstances have arisen since 30 June 2012 that have significantly affected, or may significantly affect:

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

Likely Developments and Expected Results of Operations

The Fund is expected to continue to operate within the terms of its Constitution, and will continue to invest in accordance with its investment objectives and guidelines unless otherwise stated.

At the time of preparing this report the Responsible Entity is not aware of any likely developments which would impact upon the future operations of the Fund.

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 the officers of the 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 or payable to the Responsible Entity and its associates out of the Fund's assets during the reporting period are disclosed in the Statements of Comprehensive Income.

No fees were paid to the Directors of the Responsible Entity during the reporting period 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 financial period.

Interests in the Fund

The units issued and redeemed in the Fund during the period and the number of units on issue at the end of the financial period are set out in "Changes in Net Assets Attributable to Unitholders" note to the financial statements. The value of the Fund's assets at the end of the financial period are set out in the Balance Sheet and derived using the basis set out in "Summary of Significant Accounting Policies".

Environmental Regulation

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

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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 period.

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 the following page.

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



Bradley Brian Massey
Director
Sydney
31 August 2012



Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Bricks & Mortar Fund for the year ended 30 June 2012, 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 year.

A handwritten signature in dark ink, appearing to read 'A J Wilson', with a stylized flourish at the end.

A J Wilson
Partner
PricewaterhouseCoopers

31 August 2012

COLONIAL FIRST STATE BRICKS & MORTAR FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

	Note	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Investment income			
Interest income	3(a)	2,818	4,039
Other income		3	5
Total investment (loss)/income		2,821	4,044
Expenses			
Responsible Entity's management fees	8(c)	630	859
Provision for doubtful debts not required	14	(180)	(150)
Other expenses	3(b)	39	66
Total operating expenses		489	775
Operating (loss)/profit attributable to unitholders		2,332	3,269
Distributions to unitholders	4	(2,038)	(2,759)
Change in net assets attributable to unitholders from operations	6(a)	(294)	(510)
Profit/(Loss) for the period		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		-	-

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

COLONIAL FIRST STATE BRICKS & MORTAR FUND

BALANCE SHEET AS AT 30 JUNE 2012

	Note	30/06/2012 \$'000	30/6/2011 \$'000
Assets			
Cash and cash equivalents	7	775	299
Trade and other receivables:			
- interests		2	1
- others		5	5
Financial assets held for trading	5	33,965	35,899
Mortgages	13	11,203	23,026
Total assets		45,950	59,230
Liabilities			
Trade and other payables:			
- others		-	1
Distribution payable		85	120
Fees due to Responsible Entity	8(c)	95	118
Total liabilities (excluding net assets attributable to unitholders)		180	239
Net assets attributable to unitholders - liability	6(a)	45,770	58,991
Represented by:			
Fair value of outstanding units based on redemption value		45,753	59,272
Adjustments arising from different unit pricing and AIFRS valuation principles		-	(5)
Provision for doubtful debts		(170)	(350)
Under or (over) distributions		187	74
Net assets attributable to unitholders		45,770	58,991

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

COLONIAL FIRST STATE BRICKS & MORTAR FUND

STATEMENT OF CHANGES IN EQUITY FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

The Fund's net assets attributable to unitholders are classified as a liability under AASB 132 Financial Instruments Presentation. As such the Fund has no equity, and no items of changes in equity have been presented for the current and comparative reporting periods.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

CASH FLOW STATEMENT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

	Note	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments held for trading		389,475	470,153
Payments for purchase of financial instruments held for trading		(387,538)	(467,154)
Repayment of mortgage assets		11,924	14,709
Interest received		2,893	4,149
Other income received		2	5
Responsible Entity fee paid		(653)	(927)
Other expenses paid		(38)	(97)
Net cash from operating activities	7(a)	16,065	20,838
Cash flows from financing activities			
Receipts from issue of units		-	-
Payment for redemption of units		(14,320)	(26,704)
Distributions paid		(1,269)	(1,753)
Net cash used in financing activities		(15,589)	(28,457)
Net movement in cash and cash equivalents		476	(7,619)
Add opening cash and cash equivalents brought forward		299	7,918
Closing cash and cash equivalents carried forward		775	299

Non-cash financing activities are disclosed in part (b) under "Cash and Cash Equivalent" note the the financial statements.

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

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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, loans 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 Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The financial report was authorised for issue by the Directors of the Responsible Entity on 26 August 2012. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The current reporting period for the financial report is from 1 July 2011 to 30 June 2012. The comparative reporting period is from 1 July 2010 to 30 June 2011.

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

(b) Investments in Financial Assets and Liabilities Held for Trading

Classification

The Fund's investments are classified as held for trading and initially recognised at fair value not including transaction costs, which are expensed in the Statement of Comprehensive Income.

Recognition/Derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

The derecognition of a financial instrument takes place when the Fund no longer controls the contractual rights that comprise the financial instrument, 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.

Measurement

After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date.

For financial assets held for trading that are actively traded in organised financial markets, fair value is determined by reference to Exchange quoted market bid prices at the close of business on the balance sheet date.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Investments in Financial Assets and Liabilities Held for Trading (continued)

Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income. Investments of the Fund which are considered to be held for trading are equity securities, fixed interest and money market securities, derivatives and investments in Managed Investment Schemes.

(c) 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.

Changes in fair value of financial assets held for trading

Gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

(d) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank, deposits at call with futures clearing house and short-term bank deposits with an original maturity of three months or less.

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

(e) 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.

(f) 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.

(g) 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 distribute their taxable income.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Distributions to unitholders

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to unitholders. Distributions are payable at the end of each month and are determined by reference to the taxable income of the Fund. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities 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.

(i) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the fund is required to distribute its taxable income. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

(j) Terms and Conditions on Units

Each unit issued confers upon the unitholder 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:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

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

(k) 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 Funds from the Australian Taxation Office are recognised as receivables 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 is classified as operating cash flows.

(l) 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 Statements of Comprehensive Income if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheet.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The impact of these new standards and interpretations (to the extent relevant to the Fund) are set out below:

- AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013*)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded such as available-for-sale investments. The Fund will adopt AASB 9 from 1 January 2015. Management does not expect this will have a significant impact on the Fund's financial statements as the Fund does not hold any available-for-sale investments.

- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective from 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Fund does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

* In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9.

(n) Comparatives

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

(o) 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.

(p) 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').

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Mortgages

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.

Gains and losses are recognised in the Statements of Comprehensive Income when the assets are derecognised, amortised or impaired.

(r) Capital Guarantee

Colonial First State Investments Group Limited 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.

(s) 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.

(t) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

2. AUDITOR'S REMUNERATION

Auditors' remuneration in respect of auditing the financial reports 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.

3. INTEREST INCOME AND OTHER EXPENSES

(a) Interest Income

	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Cash and cash equivalents	149	291
Debt securities	1,500	1,820
Mortgage loans	1,169	1,928
Total Interest Income	2,818	4,039

(b) Other Expenses

	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Mortgage trailing commission	29	54
Other expenses	10	12
Total Other Expenses	39	66

4. DISTRIBUTIONS TO UNITHOLDERS

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheet represents the component of the final distribution for the reporting period which had not been paid at balance sheet date.

Period ended:	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	Income Rate %	\$'000	Income Rate %	\$'000
- 31 July	4.00	201	3.75	270
- 31 August	4.00	202	3.75	271
- 30 September	4.00	179	3.75	233
- 31 October	4.00	185	3.75	239
- 30 November	3.75	168	3.75	231
- 31 December	3.75	174	3.75	239
- 31 January	3.50	162	3.75	246
- 28 February	3.50	141	3.75	192
- 31 March	4.00	167	4.00	223
- 30 April	4.25	171	4.00	216
- 31 May	3.75	146	4.00	205
- 30 June	3.75	142	4.00	194
Distributions to unitholders		2,038		2,759

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

The financial assets and liabilities held for trading of the Fund are tabled below. These are further classified using a fair value hierarchy that reflects the subjectivity of the inputs used in measuring fair value of these assets and liabilities.

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 bid 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 the "Summary of Significant Accounting Policies" note to the financial statements.

30/06/2012	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading:				
Debt Securities	33,965	-	33,965	-
Total Assets Held for Trading	33,965	-	33,965	-

30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading:				
Debt Securities	35,899	-	35,899	-
Total Assets Held for Trading	35,899	-	35,899	-

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

(a) Movements in number of units and net assets attributable to unitholders:

	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	59,269	58,991	84,936	84,148
Applications	-	-	-	-
Redemptions	(14,320)	(14,319)	(26,704)	(26,704)
Units issued upon reinvestment of distributions	804	804	1,037	1,037
Change in net assets attributable to unitholders from operations		294		510
Closing Balance	45,753	45,770	59,269	58,991

(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 offers made to date.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

7. CASH AND CASH EQUIVALENTS

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

	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Net (loss)/profit attributable to unitholders	2,332	3,269
Proceeds from sale of financial instruments held for trading	389,475	470,153
Payments for purchase of financial instruments held for trading	(387,538)	(467,154)
Repayment of mortgage assets	11,924	14,709
Provision for doubtful debts no longer required	(180)	(150)
Changes in assets and liabilities:		
Receivables and other assets	75	203
Payables and other liabilities	(23)	(192)
Net Cash (Used In)/From Operating Activities	16,065	20,838

(b) Non-cash Financing Activities Carried Out During the Reporting Period on Normal Commercial Terms and Conditions include:

- Reinvestment of unitholders distributions as disclosed under "Units issued upon reinvestment of distributions" in part (a) of the "Changes in Net Asset Attributable to Unitholders" note to the financial statements.
- Participation in dividend reinvestment plans as disclosed under "Distribution or Dividend Income Reinvested" in part (a) of the "Cash and Cash Equivalents" note to the financial statements.

(c) Terms and Conditions on Cash

Cash at bank and in hand, cash held in collateral and deposits at call with a futures clearing house, earn interest at floating rate as determined by the financial institutions.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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 Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

(b) Details of Key Management Personnel

(i) Key Management Personnel

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

Annabel Fitzgerald Spring	Appointed on 14 October 2011.
Lynette Elizabeth Cobley	
Michael John Venter	Appointed on 4 July 2011.
Peter Robert Winney	
Bradley Brian Massey	
Peter John Taylor (Alternate to Annabel Fitzgerald Spring)	Appointed 7 November 2011.
Gregg Johnston	Resigned on 4 July 2011.
Grahame Anthony Petersen	Resigned on 14 October 2011.
Brian Vincent Bissaker	Resigned on 8 May 2012.

(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.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

8. RELATED PARTIES DISCLOSURES (continued)

(c) Responsible Entity's Management Fees

Under the terms of the Constitution, the Responsible Entity is entitled to receive monthly management fees which are expressed as a percentage of the total assets of each Fund (i.e. excluding liabilities). Management fees are paid directly by the Fund. The table below shows the current fee rates charged.

Where monies are invested into other funds managed by the Responsible Entity the management fees are calculated after rebating fees charged in the underlying funds. As a consequence, the amounts shown in the Statement of Comprehensive Income reflect only the amount of fees charged directly to the respective Fund.

The management fees rate charged for the current and comparative reporting periods are as follows:

	2012 Management Fees %	June 2011 Management Fees %
Management fees rate for the reporting period	1.20	1.20

The Responsible Entity's management fees charged for the reporting periods ended 30 June 2012 and 30 June 2011 are as follows:

	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$
Management fees charged for the reporting period	629,970	858,875

Fees due to the Responsible Entity as at the reporting period ended 30 June 2012 and 30 June 2011 are as follows:

	2012 \$	2011 \$
Fees due to at end of reporting period	95,441	118,349

(d) Management Expenses Recharged

There are no management expenses recharged to the Fund.

(e) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Fund may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis. Various short term money market, fixed interest securities and foreign currency transactions 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.

(f) 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.

(g) Capital Guarantee

Colonial First State Investments Group Limited, a related party of 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 REPORTING PERIOD ENDED 30 JUNE 2012

9. 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.

30/06/2012	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	775	-	-	775
Receivables	-	-	7	7
Financial assets held for trading	-	33,965	-	33,965
Mortgages	10,596	607	-	11,203
Financial liabilities				
Payables	-	-	(180)	(180)
Net exposure	11,371	34,572	(173)	45,770
30/06/2011				
Financial assets				
Cash and cash equivalents	299	-	-	299
Receivables	-	-	6	6
Financial assets held for trading	-	35,899	-	35,899
Mortgages	21,842	1,184	-	23,026
Financial liabilities				
Payables	-	-	(239)	(239)
Net exposure	22,141	37,083	(233)	58,991

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(i) Interest rate risk (continued)

An analysis of financial liabilities by maturities is provided under "Liquidity Risk" of the "Financial Risk Management" note to the financial Statements.

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements, 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 (2011: +/- 60 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities.

(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
30/06/2012	(272)	272
	-60 basis points \$'000	+60 basis points \$'000
30/06/2011	(355)	355

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

9. FINANCIAL RISK MANAGEMENT (continued)

(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.

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.

	30/06/2012 \$'000	30/06/2011 \$'000
Rating		
AAA	33,965	35,899
Total	33,965	35,899

(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 the following;

- 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 Responsible Entity considered a provision of \$170,000 as at 30 June 2012 (30 June 2011: \$350,000) 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 REPORTING PERIOD ENDED 30 JUNE 2012

9. 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:

	30/06/2012		30/06/2011	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
	\$'000	\$'000	\$'000	\$'000
Mortgage assets at amortised cost	11,208	11,203	23,043	23,026

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. The fair value of mortgages is net of accumulated collective and individually assessed provisions for impairment.

10. 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.

11. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2012 the Fund has no contingent liabilities and commitments (2011 - none).

12. EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred since balance sheet date which would impact on the financial position of the Fund disclosed in the Balance Sheet as at 30 June 2012 or on the results and cash flows of the Fund for the reporting period ended on that date.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

13. ADDITIONAL DISCLOSURES FOR MORTGAGES

(a) Summary of Mortgage assets

The Mortgage assets for the Fund are summarised as follows:

	30/06/2012		30/06/2011	
	Number	\$'000	Number	\$'000
Current mortgages	11	11,373	22	23,376
Mortgages in arrears	-	-	-	-
Collective provision of doubtful debts	-	(170)	-	(350)
	11	11,203	22	23,026

(b) Geographic Profile of Mortgages

	30/06/2012		30/06/2011	
	\$'000	%	\$'000	%
New South Wales	9,405	83.96%	16,981	73.76%
Queensland	490	4.37%	1,184	5.14%
South Australia	-	0.00%	312	1.35%
Tasmania	1,478	13.19%	1,479	6.42%
Victoria	-	0.00%	3,420	14.85%
Collective provision of doubtful debts	(170)	-1.52%	(350)	-1.52%
	11,203	100.00%	23,026	100.00%

(c) Property Type Securing Mortgages

	30/06/2012		30/06/2011	
	\$'000	%	\$'000	%
Improved Industrial	1,530	13.66%	4,003	17.38%
Improved Office	2,332	20.82%	6,393	27.76%
Improved Residential	1,769	15.79%	1,770	7.69%
Improved Retail	5,742	51.25%	11,210	48.69%
Collective provision of doubtful debts	(170)	-1.52%	(350)	-1.52%
	11,203	100.00%	23,026	100.00%

(d) Maturity Profile of Mortgages

	30/06/2012		30/06/2011	
	\$'000	%	\$'000	%
Past maturity	-	0.00%	1,013	4.40%
Less than 1 year	9,041	80.70%	8,789	38.17%
1 to 2 years	2,332	20.82%	11,240	48.81%
2 to 3 years	-	0.00%	2,334	10.14%
3 - 4 years	-	0.00%	-	0.00%
4 - 5 years	-	0.00%	-	0.00%
Greater than 5 years	-	0.00%	-	0.00%
Collective provision of doubtful debts	(170)	-1.52%	(350)	-1.52%
	11,203	100.00%	23,026	100.00%

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

13. ADDITIONAL DISCLOSURES FOR MORTGAGES (continued)

(e) Material Mortgages

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

	30/06/2012		30/06/2011	
	Number	\$'000	Number	\$'000
5% to 5.99% of the mortgage assets	-	-	1	1,308
6% to 6.99% of the mortgage assets	-	-	2	2,944
7% to 7.99% of the mortgage assets	1	854	-	-
8% to 8.99% of the mortgage assets	-	-	-	-
9% to 9.99% of the mortgage assets	3	3,276	-	-
Greater than 10% of the mortgage assets	3	5,800	3	8,945
	7	9,930	6	13,197

(f) Interest Rate Profile of Mortgages

	30/06/2012		30/06/2011	
	\$'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%	-	0.00%	-	0.00%
7.5% to 7.99%	-	0.00%	694	3.01%
8% to 8.49%	490	4.37%	490	2.13%
8.5% to 8.99%	-	0.00%	-	0.00%
9% to 9.49%	-	0.00%	-	0.00%
9.5% to 9.99%	-	0.00%	-	0.00%
Greater than 10%	-	0.00%	-	0.00%
Variable Mortgages:				
Less than 4.5%	-	0.00%	-	0.00%
4.5% to 4.99%	1,630	14.55%	-	0.00%
5% to 5.49%	4,493	40.12%	-	0.00%
5.5% to 5.99%	955	8.52%	-	0.00%
6 % to 6.49%	-	0.00%	9,997	43.42%
6.5 to 6.99%	1,096	9.78%	3,569	15.50%
7% to 7.49%	-	0.00%	2,181	9.47%
7.5% to 7.99%	-	0.00%	1,096	4.76%
8% to 8.49%	2,709	24.18%	2,381	10.34%
8.5% to 8.99%	-	0.00%	299	1.30%
9% to 9.49%	-	0.00%	2,411	10.47%
9.5% to 9.99%	-	0.00%	-	0.00%
Greater than 10%	-	0.00%	258	1.12%
Collective provision of doubtful debts	(170)	-1.52%	(350)	-1.52%
	11,203	100.00%	23,026	100.00%

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

14. PROVISIONS FOR IMPAIRMENT

The value for mortgages recognised in the Balance Sheet includes provisions for impairment losses totalling \$170,000 (30 June 2011 - \$350,000).

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:

	30/06/2012 \$'000	30/06/2011 \$'000
Collective provision		
Opening Balance	350	500
Additions	-	-
Reversal of provision	(180)	(150)
Total provisions for impairment losses	170	350

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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)], 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);
- (iii) in the case of permanent incapacity; and
- (iv) aged care (e.g. to enable the unitholder to make payments to secure or remain in aged care)

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 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
15 July 2010 to 18 August 2010	13,265,404	9,989,792	3 September 2010
15 December 2010 to 19 January 2011	9,567,031	9,567,031	4 February 2011
15 March 2011 to 20 April 2011	6,427,928	6,427,928	6 May 2011
12 July 2011 to 17 August 2011	4,957,229	4,957,229	2 September 2011
20 December 2011 to 25 January 2012	5,710,795	5,710,795	10 February 2012
13 March 2012 to 18 April 2012	3,519,110	3,519,110	4 May 2012

COLONIAL FIRST STATE BRICKS & MORTAR FUND

DIRECTORS' DECLARATION FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

In the opinion of the Directors of Colonial First State Investments Limited:

- 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) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the Fund's financial position as at 30 June 2012 and of its performance for the reporting period ended on that date, and
- 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
- c) the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1.

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



Bradley Brian Massey
Director
Sydney
31 August 2012



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 2012, 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.

Directors' responsibility for the financial report

The directors of the Colonial First State Investments Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. 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.

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

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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 2012 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.

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PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'A J Wilson', written in a cursive, flowing style.

A J Wilson
Partner

31 August 2012

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Enquiries

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