



Bricks & Mortar Fund

2014 Annual Financial Report

Investments

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





Dear Investor

Annual Financial Report

I am pleased to present the reports for the financial year ended 30 June 2014 for the Colonial First State Bricks & Mortar Fund.

This statement is the final component of the reporting information for the 2013–2014 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', written in a cursive style.

Linda Elkins
Executive General Manager

COLONIAL FIRST STATE BRICKS & MORTAR FUND

ARSN : 092 184 168

FINANCIAL REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

Responsible Entity of the Fund

COLONIAL FIRST STATE INVESTMENTS LIMITED

ABN: 98 002 348 352

Ground Floor Tower 1, 201 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 - 32
Directors' Declaration	33
Independent Audit Report to the Unitholders	34 - 35

COLONIAL FIRST STATE BRICKS & MORTAR

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Fund as stated above, present their report together with the Financial Report of the Fund for the reporting period as stated below.

Reporting Period

The current reporting period for the financial report is from 1 July 2013 to 30 June 2014. The comparative reporting period is from 1 July 2012 to 30 June 2013.

Date of Constitution and Date of Registration of the Fund

The date of Constitution and Registration of the Fund with the Australian Securities & Investment Commission (ASIC) are as follows:

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

Principal Activities

The Fund was closed to further applications from new members on 31 December 1999. Notwithstanding and up to the termination of the Fund, Colonial First State Bricks & Mortar Fund invested 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.

Termination of the Fund

The board of Directors of the Responsible Entity approved the termination of the Fund on 3 October 2013 in accordance with the provisions of the Constitution.

As at 30 June 2014 the Fund has ceased operation and a final capital repayment has been paid to the unitholder.

This is the Final Financial Report for the Fund.

Comparatives

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

Review of Operations

Income

The result of the operation for the Fund for the current and previous reporting periods are tabled below:

	Period ended 30/06/2014 \$	Period ended 30/06/2013 \$
Operating profit/(loss) attributable to unitholders	181,721	1,232,699

COLONIAL FIRST STATE BRICKS & MORTAR

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

Review of Operations (continued)

Distribution to unitholders

	Period ended 30/06/2014 \$	Period ended 30/06/2013 \$
Amount distributed during the reporting periods	223,139	1,206,499

Details of the income distributions for the reporting periods ended 30 June 2014 and 30 June 2013 are disclosed in the "Distributions to Unitholders" note to the financial statements.

Exit Prices

There is no exit price as the units of the Fund were cancelled upon approval of termination of the Fund.

Prior to termination, units in the Fund are valued at \$1.00 and interest is calculated and accrued daily.

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 period and up to the date of the report are:

Name of Director	Date of Appointment or resignation
Michael Venter	Appointed on 4 July 2011.
Anne Ward	Appointed on 1 January 2013.
Linda Elkins	Appointed on 1 January 2013.
Penelope James	Appointed on 1 January 2013.
Peter Hodgett	Appointed on 1 January 2013.
Annabel Spring	Resigned on 11 April 2014.
Peter Taylor *	Resigned on 11 April 2014.

* Alternate director for Annabel Spring.

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.

Significant Changes in the State of Affairs

The Fund was terminated as at 30 June 2014.

COLONIAL FIRST STATE BRICKS & MORTAR

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

Matters Subsequent to the End of the Reporting Period

This is the Final Financial Report for the Fund.

No matters or circumstances have arisen since 30 June 2014 that have significantly affected, or may significantly affect the position of the Fund.

Indemnification and Insurance Premiums for Officers and Auditor

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 auditor 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 auditor of the Fund is 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.

Likely Developments and Expected Results of Operations

At as 30 June 2014 the termination process is substantially complete and a final repayment of capital to the unitholders has been made. This is the Final Financial Report for the Fund.

Fees Paid to and Received 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 Statement of Comprehensive Income.

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

Interests in the Fund

Prior to the termination of 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 is set out in the Balance Sheet. Upon approval for termination, the units of the Fund were cancelled. Each unitholder will continue to be entitled to their share of distribution or capital repayment in the same proportion as at the date of termination. A final capital repayment has been paid to the unitholders.

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

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

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

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.

Up to the date of termination of the Fund, the Responsible Entity processed 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 was 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 was 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 in the following page.

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



Linda Elkins
Director
Sydney
27 August 2014



Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Bricks & Mortar Fund for the year ended 30 June 2014, 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 black ink, appearing to read 'CJ Cummins', with a horizontal line extending to the right.

CJ Cummins
Partner
PricewaterhouseCoopers

Sydney
27 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

	Note	1/07/2013 - 30/06/2014	1/07/2012 - 30/06/2013
Investment Income		\$	\$
Interest income	3	304,581	1,572,451
Changes in fair value of financial instruments held for trading		(1)	1
Other income		1	-
Total investment income/(loss)		304,581	1,572,452
Expenses			
Responsible Entity's management fees	8(c)	112,263	485,818
Expenses recharged	8(d)	-	9,000
Provision for doubtful debts		-	(170,000)
Other expenses		10,597	14,935
Total operating expenses		122,860	339,753
Operating profit/(loss) attributable to unitholders		181,721	1,232,699
Distributions to unitholders	4	(223,139)	(1,206,499)
Change in net assets attributable to unitholders from operations	6(a)	41,418	(26,200)
Profit/(Loss) for the period		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		-	-

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 2014**

	Note	30/06/2014 \$	30/06/2013 \$
Assets			
Cash and cash equivalents		-	924,025
Trade and other receivables:			
- interests		-	1,282
- others		-	8,449
Financial assets held for trading	5	-	33,903,398
Mortgages		-	2,492,273
Total assets		-	37,329,427
Liabilities			
Trade and other payables:			
- others		-	487
Distribution payable		-	39,532
Responsible Entity - fee	8(c)	-	74,272
Total liabilities (excluding net assets attributable to unitholders)		-	114,291
Net assets attributable to unitholders - liability		-	37,215,136

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 REPORTING PERIOD ENDED 30 JUNE 2014

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.

The above Statement of Changes in Equity should be read in conjunction with the "Changes in Net Assets attributable to Unitholders" note in the accompany notes.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**CASH FLOW STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

	Note	1/07/2013 - 30/06/2014 \$	1/07/2012 - 30/06/2013 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held for trading		87,561,032	321,012,359
Payments for purchase of financial instruments held for trading		(53,843,575)	(320,817,120)
Repayment or (payment) of mortgage assets		2,472,000	8,842,252
Interest received		512,075	1,478,320
Responsible Entity fee received/ (paid)		(178,085)	(510,349)
Others		(11,083)	(23,935)
Net cash (used in)/from operating activities	7(a)	36,512,364	9,981,527
Cash flows from financing activities			
Receipts from issue of units		1,278,747	-
Payment for redemption of units		(38,536,246)	(9,080,823)
Distributions paid		(178,890)	(752,047)
Net cash (used in)/from financing activities		(37,436,389)	(9,832,870)
Net movement in cash and cash equivalents		(924,025)	148,657
Add opening cash and cash equivalents brought forward		924,025	775,368
Closing cash and cash equivalents carried forward		-	924,025

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

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

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Non-going concern 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 board of Directors of the Responsible Entity approved the termination of the Fund on 3 October 2013 in accordance with the provisions of the Constitution. Consequently the Directors have determined that the going concern basis of preparation is no longer appropriate.

Following termination of the Fund, the Responsible Entity has:

- (i) realised all the assets of the Fund;
- (ii) prepared a final set of accounts and processed the final repayment of capital and income distribution;
- (iii) distributed to the unitholders the net income of the Fund; and
- (iv) cancelled the units held by the unitholders in accordance with the provisions of the Constitution.

The termination process was substantially completed as at 30 June 2014.

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

The current reporting period for the financial report is from 1 July 2013 to 30 June 2014. The comparative reporting period is from 1 July 2012 to 30 June 2013.

The financial information presented in this financial report for the reporting period has been prepared on the basis that the Fund is not a going concern for financial reporting purposes.

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

The financial report was authorised for issue by the Directors of the Responsible Entity on 25 August 2014. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

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

(i) Compliance with International Financial Reporting Standards

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").

(ii) New and Amended Standards adopted by the Fund

The Fund had to change some of its accounting policies as the result of new and revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013. The affected policies are:

- Principles of consolidation – AASB 10 "Consolidated Financial Statements"
- Determining fair value – AASB 13 "Fair Value Measurement"
- Offsetting arrangements - AASB 2012-2 Amendments to Australian Accounting Standards Disclosures Offsetting Financial Assets and Financial Liabilities
- Structured entities - AASB 12 "Disclosure of Interests in Other Entities"

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

(ii) New and Amended Standards adopted by the Fund (continued)

The Fund has also early adopted amendments made to AASB 10 and AASB 127 (revised 2011) "Separate Financial Statements" by AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities".

Changes in Accounting policy: Investments in controlled entities

The objective of AASB 10 is to establish principles for the preparation and presentation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The Fund has reviewed its investments in other entities to assess whether the conclusion as to whether the Fund controls an investee or not is different under AASB 10. No differences were identified.

The amendments made by AASB 2013-5 introduce an exception from consolidation requirements for investment entities. The amendments to AASB 10 require controlled investments, excluding entities which provide services to the investment entity, to be accounted for at fair value through profit or loss, rather than being consolidated.

On adoption of the amendments, the Fund has determined that it meets the definition of an investment entity (see "Investment Entity" note below). The Fund does not control any entities providing services to the investment entity. It has therefore changed its accounting policy with respect to its controlled investments. The investees, which were previously consolidated, are now accounted for at fair value through profit or loss.

This change in accounting policy has been applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors as required by the transitional provisions of AASB 10 and the amendments to AASB 10.

The amendments to AASB 127 outline that consolidated financial statements are no longer required to be prepared, where the Fund measures all of its controlled entities at fair value through profit or loss, as is the case with the Fund. Going forward only separate financial statements are required.

The Fund continues to measure its investments in controlled entities at fair value through profit or loss in accordance with AASB 139, in its separate financial statements. As the separate financial statements have been previously disclosed, no further information is presented on the impact of the above change, as the separate financial statements show the financial position of the Fund as required by the investment entities exception.

As at the end of the reporting period the Fund did not have any investments in controlled entities.

Changes in Accounting Policy - Fair value measurement

AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant. As a result of this change, the fair value of derivative liabilities has changed on transition to AASB 13, largely due to incorporating credit risk into the valuation.

As at the end of the reporting period there were no adjustments required to be made as a result of this new Accounting Standard.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

(ii) New and Amended Standards adopted by the Fund (continued)

Changes in Accounting Policy - Offsetting arrangements

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities requires additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Fund's financial position or performance, however, has resulted in additional disclosure in the notes to the financial statements.

Changes in Accounting Policy - Structured entities

AASB 12 sets out disclosures for interest in entities that are subsidiaries, associates, joint arrangement and structured entities. Adoption of AASB 12 has resulted in additional disclosures of structured entities as provided in "Structured Entities" notes to the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2013 that would be expected to have a material impact on the Fund.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(i) 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 Statements of Comprehensive Income.

(ii) 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.

(iii) 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 date.

For investments where there is no quoted market price, fair value is 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 or losses on investments held for trading are recognised in the Statement of Comprehensive Income.

(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:

(i) Distribution or Dividend Income

The Fund did not received any distribution or dividend income.

(ii) 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.

(iii) Changes in Fair Value of Financial Assets Held for Trading

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

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 distributes its taxable income.

(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 distributing periods. 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 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

Under AASB 132 "Financial Instruments: Disclosure and Presentation", contractual obligations are regarded as liabilities. As unitholders have the ability to redeem units from the Fund, 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.

(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.

Following the approval of termination, under the Constitution of the Fund, the Responsible Entity has realised all assets of the Fund and distributed the net proceeds among unitholders pro rata to the number of units held on the termination date.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Applications and Redemptions

Prior to the termination of the Fund, applications received for units are recorded net of any entry fees payable (where applicable) prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable (where applicable) after the cancellation of units redeemed.

Upon the termination of the Fund, the issue, switching and redemption of units ceased.

(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 Office are recognised as receivables in the Balance Sheets.

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.

(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) 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.

(o) Unit Prices

Prior to termination of the Fund, unit prices for the Fund are recorded at \$1.00 per unit.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Mortgages

Prior to termination of the Fund, 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 Statement of Comprehensive Income when the assets are derecognised, amortised or impaired.

2. AUDITOR'S REMUNERATION

Auditor's remuneration in respect of auditing the financial reports is fully paid by the Responsible Entity.

The Responsible Entity may recharge a portion of the Auditor's remuneration to the Fund. See the note under "Management Expenses Recharged" in the "Related Parties Disclosures" note to the Financial Statements.

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

3. INTEREST INCOME

The interest income of the Fund are summarised as follows:

	1/07/2013 - 30/06/2014 \$	1/07/2012 - 30/06/2013 \$
Cash and cash equivalents	37,943	42,133
Debt securities	209,713	1,077,405
Mortgage loans	56,925	452,913
Interest rate swaps	-	-
Total Interest Income	304,581	1,572,451

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

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 represent the components of the distributions for the reporting period which had not been paid at balance date.

The amounts distributed or proposed to be distributed to unitholders the reporting periods were:

Distribution Periods ended:	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	Income rate %	\$	Income rate %	\$
- 31 July	2.25	71,032	3.50	136,020
- 31 August	2.25	71,050	3.25	126,443
- 30 September	1.75	53,565	3.25	117,293
- 31 October	13.50	27,492	3.00	108,196
- 30 November	-	-	3.00	104,815
- 31 December	-	-	3.00	108,420
- 31 January	-	-	2.75	99,496
- 28 February	-	-	2.75	85,857
- 31 March	-	-	2.75	91,209
- 30 April	-	-	2.50	80,307
- 31 May	-	-	2.50	79,745
- 30 June	-	-	2.25	68,698
Distributions to unitholders		223,139		1,206,499

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

5. FINANCIAL ASSETS HELD FOR TRADING

(a) Fair Value Measurements

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities held for trading
- Derivative financial instruments

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(b) Fair Value Hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 for quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 for inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 for inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Fair Value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values their investments in accordance policies set out in Note 1 to the Financial Statements. For the majority of these investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price, the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid and asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regularly agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

5. FINANCIAL ASSETS HELD FOR TRADING (continued)

(b) Fair Value Hierarchy (continued)

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3) (continued)

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, to allow for additional factors including liquidity risk and counterparty risk.

(c) Recognised Fair Value Measurements

As at 30 June 2014 the Fund has disposed all its investments.

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at the end of the previous reporting periods.

30/06/2013	Total \$	Level 1 \$	Level 2 \$	Level 3 \$
Financial Assets Held for Trading:				
Debt Securities	33,903,398	1	33,903,397	-
Total Assets Held for Trading	33,903,398	1	33,903,397	-
Financial Liabilities Held for Trading:				
Derivatives	-	-	-	-
Securities - short sell	-	-	-	-
Total Liabilities Held for Trading	-	-	-	-

(d) Transfers between Levels

There is no material transfers between Levels for the Fund during the current and previous reporting periods.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

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.

The units of the Fund were cancelled on approval for termination of the Fund. On the date of approval of termination on 3 October 2013, the number of units cancelled were 37,257,459. The Responsible Entity has realised the Fund's investment assets and has returned the net cash to unitholders as final return of capital.

(a) Movements in Number of Units and Net Assets Attributable to Unitholders:

	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	No.	\$	No.	\$
Opening balance	37,173,678	37,215,136	45,755,012	45,770,271
Applications	-	-	-	-
Redemptions	-	-	(9,080,821)	(9,080,822)
Units issued upon reinvestment of distributions	83,781	83,781	499,487	499,487
Units cancelled on termination	(37,257,459)	(37,257,499)	-	-
Change in net assets attributable to unitholders from operations		(41,418)		26,200
Closing Balance	-	-	37,173,678	37,215,136

(b) Capital Risk Management

Prior to the termination of the Fund, the Responsible Entity managed the net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders could change significantly on a daily basis as the Fund was subjected to daily applications and redemptions at the discretion of unitholders.

As at 30 June 2014, the termination process is completed and a final repayment of capital has been paid to the unitholders.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

7. CASH AND CASH EQUIVALENTS

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

	1/07/2013 - 30/06/2014	1/07/2012 - 30/06/2013
	\$	\$
Net profit/(loss) attributable to unitholders	181,721	1,232,699
Proceeds from sale of financial instruments held for trading	87,561,032	321,012,359
Payments for purchase of financial instruments held for trading	(53,843,575)	(320,817,120)
Repayment of mortgage assets	2,472,000	8,842,252
Changes in fair value of financial instruments held for trading	1	(1)
Bad debts written off/(recovered)	-	(170,000)
Change in receivables and other assets	215,944	(97,493)
Change in payables and other liabilities	(74,759)	(21,169)
Net Cash From/(Used In) Operating Activities	36,512,364	9,981,527

(b) Non-cash Financing Activities Carried Out During the Reporting Periods 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 2014

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:

Name of Director	Date of Appointment or Resignation
Michael Venter	Appointed on 4 July 2011.
Anne Ward	Appointed on 1 January 2013.
Linda Elkins	Appointed on 1 January 2013.
Penelope James	Appointed on 1 January 2013.
Peter Hodgett	Appointed on 1 January 2013.
Annabel Spring	Resigned on 11 April 2014.
Peter Taylor *	Resigned on 11 April 2014.

* Alternate director for Annabel Spring.

(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 monthly management fees which are expressed as a percentage of the total assets of the 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 Fund.

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

	1/07/2013 - 30/06/2014 %	1/07/2012 - 30/06/2013 %
Management fees rate for the reporting periods	1.20	1.20

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

8. RELATED PARTIES DISCLOSURES (continued)

(c) Responsible Entity's Management Fees (continued)

The Responsible Entity's management fees charged for the reporting periods are as follows:

	1/07/2013 - 30/06/2014	1/07/2012 - 30/06/2013
	\$	\$
Management fees charged/(refunded) for the reporting periods	112,263	485,818

Fees due to/(refund from) the Responsible Entity as at the end of the reporting period.

	1/07/2013 - 30/06/2014	1/07/2012 - 30/06/2013
	\$	\$
Fees due to/(refund from) the Responsible Entity as at the end of the reporting periods	-	74,272

(d) Management Expenses Recharged

The Responsible Entity is also responsible for paying certain expenses (such as audit fees, printing and postage etc) for the Fund. The amount recharged is based on the lower of the expenses paid or 0.02% of the net assets of the Fund. The amount recharged is disclosed under "Expenses Recharged" in the Statements of Comprehensive Income".

(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.

(f) Units Held by Related Parties

There is no interest of Colonial First State Investments Limited and its associates in the Fund.

(g) Related Party Transactions

The Fund may transact between the Fund and other registered Funds, which are also managed by the Responsible Entity. These transactions are normally consist of the sale of units in the Fund to related Managed Investment Schemes or purchases of units in related Managed Investment Schemes, and receipt and payment of distributions on normal commercial terms and conditions.

The amounts outstanding payable or receivable at period end represent the value of the units (financial liability of the Fund) issued or held and any amount of interest expense payable or receivable.

(i) Terms and Conditions of Transactions with Related Parties

All related party transactions are made in arms length transactions on normal commercial terms and conditions. Outstanding balances at period end are unsecured and settlement occurs in cash.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

9. FINANCIAL RISK MANAGEMENT

Prior to the termination of the Fund, its investing activities may expose the Fund to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The overall risk management program used to focus on ensuring compliance with its Product Disclosure Statement/Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. A Fund may use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the respective investment management departments (Investment Managers) and regularly monitored by the Investment Review Services Department of the Responsible Entity.

0

Different methods are used to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

(a) Market Risk

(i) Price Risk

Prior to the termination of the Fund, financial assets are either directly or indirectly exposed to price risk. This arises from investments held for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager may mitigate price risk through diversification and a careful selection of securities and other financial instruments within specified limits and guidelines in accordance with the Product Disclosure Statement/Information Memorandum or Constitutions and are monitored by the Investment Review Services Department of the Responsible Entity.

As at end of the current reporting date the Fund has fully disposed its investments and is not subject to any price risk.

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 the Australian and global indexes on a Fund's net assets attributable to unitholders at the end of the reporting periods. The analysis is based on the assumptions that the relevant indexes increased or decreased as tabled with all other variables held constant and that the fair value of the Fund which has indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. Any Fund which invests in various asset classes, such as a multi-sector Fund, will have a weighted average movement calculated based on the proportion of their investments in the those classes.

(ii) Foreign Exchange Risk

The Fund does not hold monetary or non-monetary assets denominated in currencies other than the Australian dollars and therefore is not exposed to foreign exchange risk.

(iii) Interest Rate Risk

Prior to the termination of the Fund, investments in interest bearing financial assets were 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 was exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk. The risk is measured using sensitivity analysis.

As at the end of the current reporting date the Fund is not exposed to interest rate risk.

Prior to termination, the Fund may also enter into derivative financial instruments to mitigate the risk of future interest rate changes in accordance with the risk policies and guidelines of the Investment Managers. These transactions are regularly monitored by the Compliance Department of the Responsible Entity. The table below summarises the Fund's exposure to interest rate risks for the previous reporting period. It includes the Fund's assets and liabilities at fair values.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

9. FINANCIAL RISK MANAGEMENT (continued)

(iii) Interest Rate Risk (continued)

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
30/06/2013				
Financial assets				
Cash and cash equivalents	924,025	-	-	924,025
Receivables	-	-	9,731	9,731
Financial assets held for trading	-	33,903,398	-	33,903,398
Derivatives	-	-	-	-
Mortgages	2,492,273	-	-	2,492,273
Financial liabilities				
Payables	-	-	(114,291)	(114,291)
Bank overdraft	-	-	-	-
Loans	-	-	-	-
Financial liabilities held for trading				
- Securities - Short Sell	-	-	-	-
- Derivatives	-	-	-	-
	3,416,298	33,903,398	(104,560)	37,215,136
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	3,416,298	33,903,398	(104,560)	37,215,136

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 increase or decrease by a "predetermined 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. The "predetermined basis points" are disclosed in the table below.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

9. 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, foreign exchange risk and other price 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 and foreign exchange rates, historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less 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, markets and securities 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.

The Fund may not be subject to all these risks and are denoted with "-" in the table below.

	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points	50 basis points	-10.00%	10.00%	0.00%	0.00%
	\$	\$	\$	\$	\$	\$
30/06/2014	-	-	-	-	-	-
30/06/2013	(174,137)	174,137	-	-	-	-

(c) Credit risk

Prior to the termination of the Fund, the Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk primarily arises from investments in debt securities and derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, amounts due from brokers and other receivables.

The Compliance Department of the Responsible Entity regularly monitors the credit risks that arise from holding these securities.

The Fund has disposed all its investment and ceased operation as at 30 June 2014.

Prior to termination, the Fund was exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk primarily arises from investments in debt securities and derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, amounts due from brokers and other receivables.

Prior to termination the Fund may transact in derivatives in the over the counter (OTC) markets. OTC derivatives are entered into directly with the counterparty as there is no Clearing House arrangement. Such transactions are only dealt through suitably credit-worthy counterparties. The maximum exposure to credit risk for these OTC derivatives is the contract/notional amount, as shown in the "Derivative Financial Instruments" note to the financial statements.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

9. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Prior to termination, the Fund invested in debt 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 Compliance Department of the Responsible Entity regularly monitored the credit risks that arise from holding these securities.

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a high credit rating.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets and the contract/notional amount of the OTC derivatives. An analysis of debt securities by rating is set out in the table below:

(i) Money market securities

	30/06/2014	30/06/2013
	\$	\$
Rating		
AAA	-	33,903,398
AA+	-	-
AA	-	-
Non rated	-	-
Total	-	33,903,398

(ii) Mortgage Assets

The Fund used to invest 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 was 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 nil provision as at 30 June 2013.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

9. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

As at the end of the current reporting period the Fund has made a final return of capital to the unitholders and therefore no longer subject to any liquidity risk.

Prior to termination, 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 was declared illiquid, redemptions requested was 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:

	30/06/2014		30/06/2013	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
	\$	\$	\$	\$
Mortgage assets at amortised cost	-	-	2,492,273	2,492,273

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.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

10. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

a) Derivative Financial Instruments

The Fund did not enter into transactions in any derivative financial instruments during the current reporting periods.

11. CONTINGENT LIABILITIES AND COMMITMENTS

The Fund did not have any contingent liabilities or commitments at the end of the current and previous reporting period.

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 2014 or on the results and cash flows of the Fund for the reporting period ended on that date.

13. ADDITIONAL DISCLOSURES FOR MORTGAGES

(a) Summary of Mortgage assets

The Mortgage assets for the Fund are summarised as follows:

	30/06/2014		30/06/2013	
	Number	\$'000	Number	\$'000
Current mortgages	-	-	-	-
Loan Past Maturity	-	-	3	2,492,273
Collective provision of doubtful debts	-	-	-	-
	-	-	3	2,492,273

(b) Geographic Profile of Mortgages

	30/06/2014		30/06/2013	
	\$'000	%	\$'000	%
New South Wales	-	-	2,492,273	100.00%
Queensland	-	-	-	0.00%
Tasmania	-	-	-	0.00%
Collective provision of doubtful debts	-	-	-	0.00%
	-	0.00%	2,492,273	100.00%

(c) Property Type Securing Mortgages

	30/06/2014		30/06/2013	
	\$'000	%	\$'000	%
Improved Industrial	-	-	743,294	29.82%
Improved Office	-	-	-	-
Improved Residential	-	-	668,188	26.81%
Improved Retail	-	-	1,080,791	43.37%
Collective provision of doubtful debts	-	-	-	-
	-	0.00%	2,492,273	100.00%

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

13. ADDITIONAL DISCLOSURES FOR MORTGAGES (continued)

(d) Maturity Profile of Mortgages

	30/06/2014		30/06/2013	
	\$'000	%	\$'000	%
Past maturity	-	-	2,492,273	100.00%
Less than 1 year	-	-	-	0.00%
1 to 2 years	-	-	-	0.00%
2 to 3 years	-	-	-	0.00%
3 - 4 years	-	-	-	0.00%
4 - 5 years	-	-	-	0.00%
Greater than 5 years	-	-	-	0.00%
Collective provision of doubtful debts	-	-	-	0.00%
	-	0.00%	2,492,273	100.00%

(e) Material Mortgages

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

	30/06/2014		30/06/2013	
	Number	\$'000	Number	\$'000
5% to 5.99% of the mortgage assets	-	-	-	-
6% to 6.99% of the mortgage assets	-	-	-	-
7% to 7.99% of the mortgage assets	-	-	-	-
8% to 8.99% of the mortgage assets	-	-	-	-
9% to 9.99% of the mortgage assets	-	-	-	-
Greater than 10% of the mortgage assets	-	-	2	2,391,453
	-	-	2	2,391,453

(f) Interest Rate Profile of Mortgages

	30/06/2014		30/06/2013	
	\$'000	%	\$'000	%
Fixed Mortgages:				
8% to 8.49%	-	-	-	0.00%
Variable Mortgages:				
4.5% to 4.99%	-	-	-	0.00%
5% to 5.49%	-	-	-	0.00%
5.5% to 5.99%	-	-	-	0.00%
6.5 to 6.99%	-	-	-	0.00%
8% to 8.49%	-	-	1,080,792	43.38%
8.5% to 8.99%	-	-	100,820	4.05%
Greater than 10%	-	-	1,310,661	52.57%
Collective provision of doubtful debts	-	-	-	0.00%
	-	0.00%	2,492,273	100.00%

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

14. PROVISIONS FOR IMPAIRMENT

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

	30/06/2014 \$'000	30/06/2013 \$'000
Collective provision		
Opening Balance	-	170,000
Additions	-	-
Reversal of provision	-	(170,000)
Total provisions for impairment losses	-	-

15. REDEMPTIONS

Effective from 3.00pm Friday 24th October 2008 to the date of termination of the Fund, unitholders could 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 also could request a Financial Hardship withdrawal which meets at least one of the criteria below. The amount of withdrawal payments was 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 were made and processed in accordance with Section 601KB of the Corporations Act 2001 to all unitholders in the Fund:

- (i) where there was 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 was 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.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

15. REDEMPTIONS (continued)

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
03 August 2012 to 07 September 2012	3,519,110	3,439,039	14 September 2012
13 December 2012 to 25 January 2013	3,626,058	3,626,058	14 February 2013

16. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Fund will present the fair value of its derivative assets and liabilities on a gross basis. Certain derivative financial instruments are subject to enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The Fund does not invest in derivatives and therefore not subject to master netting arrangements.

17. STRUCTURED ENTITIES

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Fund's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. However, the Fund applies the Investment Entity Exemption available under AASB10 and therefore does not consolidate its controlled entities (Note 1(p)). In other cases it may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. Such interests include holdings of units in unlisted trusts. The nature and extent of the Fund's interests in structured entities are titled "unlisted unit trusts" and are summarised in Note 1(b) and Note 5 - "Financial Assets held for Trading", Note 8 "Related Parties" where appropriate. The total size of the structured entities that the Fund has exposure to is the net assets of the "unlisted unit trusts", which is determined based on the percentage interest held and carrying value disclosed in Note 8 "Related Parties".

As at 30 June 2014 the Fund disposed of all assets held and returned its capital to unitholders in the form of cash. Therefore, the Fund does not have exposure to interests in structured entities.

COLONIAL FIRST STATE BRICKS & MORTAR FUND

**DIRECTORS' DECLARATION
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

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

- a) the financial statements and notes to the financial statements of the above mentioned 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 2014 and of its performances 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.



Linda Elkins
Director
Sydney
27 August 2014



Independent auditor's report to the members 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 2014, 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 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. Those 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.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



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 2014 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*.
- (b) the Fund's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter - going concern no longer appropriate

Without qualifying our opinion, we draw attention to the following matter. As indicated in Note 1 to the financial statements, management have wound up the fund. As a result, the financial statements have been prepared on a liquidation basis and not on a going concern basis.

PricewaterhouseCoopers

CJ Cummins
Partner

Sydney
27 August 2014

This page has been left blank intentionally.

This page has been left blank intentionally.

This page has been left blank intentionally.

Enquiries

Investor Services: **13 13 36**

Website: colonialfirststate.com.au

Email: contactus@colonialfirststate.com.au

