

Investments

# Wholesale Investments

**Annual Financial Report 2008**



Dear Investor

## **Your Annual Financial Report**

I am pleased to present the reports for the financial year ended 30 June 2008 for Colonial First State Wholesale Short Term Australian Bond Fund, Colonial First State Wholesale Australian Share Fund, Colonial First State Wholesale Industrial Share Fund<sup>1</sup>, Colonial First State Wholesale Small Companies Fund – Core, Colonial First State Wholesale Global Health & Biotechnology Fund, Colonial First State Wholesale Global Technology & Communications Fund and Colonial First State Wholesale Guaranteed Mortgage Fund<sup>1</sup>.

This statement is the final component of the reporting information for the 2007–2008 financial year.

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

Yours sincerely,

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

**Brian Bissaker**

Chief Executive Officer

<sup>1</sup> Closed to new investors.

# COLONIAL FIRST STATE WHOLESALE FUNDS

**Represented by:**

**ARSN**

Colonial First State Wholesale Short Term Australian Bond Fund	093 878 043
Colonial First State Wholesale Australian Share Fund	087 570 214
Colonial First State Wholesale Industrial Share Fund	087 564 118
Colonial First State Wholesale Small Companies Fund - Core	089 460 891
Colonial First State Wholesale Global Health & Biotechnology Fund	092 203 506
Colonial First State Wholesale Global Technology & Communications Fund	089 743 395

**Financial Report for the**

**Year Ended 30 June 2008**

**Responsible Entity of the Funds:**

**COLONIAL FIRST STATE INVESTMENTS LIMITED**

**ABN 98 002 348 352**

Level 29, 52 Martin Place  
SYDNEY NSW 2000

# COLONIAL FIRST STATE WHOLESALE FUNDS

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# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

The directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Wholesale Funds ("the Funds"), present their report together with the financial report of the Funds for the financial year ended 30 June 2008.

### Change of Auditors

Ernst & Young resigned as auditors and PricewaterhouseCoopers were appointed as auditors of the Fund on 30 November 2007.

### Principal Activities

This financial report consists of six managed funds belonging to the family of funds known as the Colonial First State Wholesale Funds. The Funds in this financial report and their Date of Constitution and Date of Registration are presented as follows:

	Date of Constitution	Date of Registration
Colonial First State Wholesale Short Term Australian Bond Fund	21/07/2000	01/08/2000
Colonial First State Wholesale Australian Share Fund	11/05/1999	09/06/1999
Colonial First State Wholesale Industrial Share Fund	11/05/1999	09/06/1999
Colonial First State Wholesale Small Companies Fund - Core	24/05/1988	07/10/1999
Colonial First State Wholesale Global Health & Biotechnology Fund	22/03/2000	03/04/2000
Colonial First State Wholesale Global Technology & Communications Fund	27/09/1999	07/10/1999

The investment policy of the Funds continues to be that detailed in the information memorandum and in accordance with the Constitutions of the Funds.

The Responsible Entity has appointed Wellington Management Company, LLP to undertake the investment management for the Colonial First State Wholesale Global Technology & Communications Fund and the Colonial First State Wholesale Global Health & Biotechnology Fund. Colonial First State Investments Limited continues to be the Responsible Entity of these Funds. The investment objective and the ongoing management fee for these Funds remain the same.

### Review of Operations

The Colonial First State Wholesale Funds provide investors access to a broad range of investments including money market securities, fixed interest securities, Australian listed shares and international shares.

There were no significant changes in the nature of the Funds' activities during the year.

The results of the Funds were as follows:

### Income

The income distributions per unit for each of the Funds for the year ended 30 June 2008 and 30 June 2007 are shown in Note 4 to the financial statements.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

### Review of Operations (continued)

#### Exit Prices

The exit price is the price at which unitholders realise an entitlement in a Fund and is calculated by deducting a predetermined cost of selling (commonly known as the "sell spread"), if applicable, from the net asset value per unit ("NAV unit price") of a Fund. NAV unit price is calculated by taking the total fair value of all of a fund's assets on a particular day, adjusting for any liabilities and then dividing the net fund value by the total number of units held by unitholders on that day.

The following unit prices, represent the ex-distribution exit unit prices as at 30 June 2008, together with comparative unit prices as at 30 June 2007.

	2008 \$	2007 \$
Colonial First State Wholesale Short Term Australian Bond Fund	1.0112	1.0133
Colonial First State Wholesale Australian Share Fund	1.7089	2.1623
Colonial First State Wholesale Industrial Share Fund	1.0889	1.6975
Colonial First State Wholesale Small Companies - Core	1.1994	1.8810
Colonial First State Wholesale Global Health & Biotechnology Fund	0.7114	0.8560
Colonial First State Wholesale Global Technology & Communications Fund	0.5722	0.7235

#### Management Costs and Indirect Cost Ratio (ICR)

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

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

The ICR of the Fund is shown in the following table:

	ICR 2008 %	ICR 2007 %
Colonial First State Wholesale Short Term Australian Bond Fund	0.45	0.45
Colonial First State Wholesale Australian Share Fund	0.96	0.96
Colonial First State Wholesale Industrial Share Fund	0.96	0.95
Colonial First State Wholesale Small Companies - Core	1.11	1.12
Colonial First State Wholesale Global Health & Biotechnology Fund	1.15	1.12
Colonial First State Wholesale Global Technology & Communications Fund	1.16	1.13

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

### Review of Operations (continued)

#### Performance

The performance figures below have been calculated on an annual compound basis using exit prices and with no allowance made for the taxation of these returns. Distributions paid have been treated as being reinvested and have been recognised in the period of entitlement.

	Year ended June 2008 %	Year ended June 2007 %
Colonial First State Wholesale Short Term Australian Bond Fund	5.42	4.94
Colonial First State Wholesale Australian Share Fund	(15.27)	21.85
Colonial First State Wholesale Industrial Share Fund	(26.92)	22.38
Colonial First State Wholesale Small Companies - Core	(28.19)	48.69
Colonial First State Wholesale Global Health & Biotechnology Fund	(16.80)	0.25
Colonial First State Wholesale Global Technology & Communications Fund	(20.06)	13.10

#### Responsible Entity and Directors

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

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

Grahame Petersen  
Michael John Venter  
Brian Vincent Bissaker  
Paul Rayson  
Peter Robert Winney  
John Robert Dempsey Resigned 15 January 2008  
Bradley Brian Massey Appointed 21 February 2008

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

#### Scheme Information

The Funds are registered managed investment schemes domiciled in Australia and have their principal place of business at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

#### Significant Changes in the State of Affairs

There were no significant changes in the nature of the Funds' activities during the year.

#### Matters Subsequent to the End of the Financial Year

No matters or circumstances have arisen since 30 June 2008 that have significantly affected, or may significantly affect:

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

### Likely Developments and Expected Results of Operations

The Funds will continue to pursue their current investment policy in accordance with the objectives as set out in the product disclosure statements and the Funds' Constitutions.

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 Funds.

### Indemnification and Insurance Premiums for Officers and auditors

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

The Commonwealth Bank of Australia (ABN 48 123 123 124) 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 has not been included as such disclosure is prohibited under the terms of the insurance contracts.

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

Fees paid to the Responsible Entity and its associates out of the Funds' assets during the year are disclosed in the Income Statements.

No fees were paid to the directors of the Responsible Entity during the year out of the Funds' assets.

The interests in the Funds held by the Responsible Entity or its associates at the end of the financial year are disclosed in Note 8(g) to the financial statements.

### Interests in the Funds

The units issued and redeemed in the Funds during the year and the number of units on issue at the end of the financial year are set out in Note 6(a) to the financial statements. The value of the Funds' assets at the end of the financial year are set out in the Balance Sheets.

### Environmental Regulation

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

### 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.



# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

### Single Financial Report

The Funds are of the kind referred to in Class Order 06/0441 dated 29 June 2006 and in accordance with that Class Order, Funds with a common Responsible Entity can include the financial statements in adjacent columns in a single financial report.

Proceeds from redeeming units in a Fund can be applied to acquire units in other Funds included in this financial report.

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 6.

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



Bradley Brian Massey  
Director  
Sydney  
8 September 2008

## Auditor's independence declaration

As lead auditor for the audit of Colonial First State Wholesale Funds for the year ended 30 June 2008, 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 Wholesale Funds during the year.



AJ Wilson  
Partner  
PricewaterhouseCoopers

Sydney  
8 September 2008

# COLONIAL FIRST STATE WHOLESALE FUNDS

## INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Colonial First State Wholesale Short Term Australian Bond Fund		Colonial First State Wholesale Australian Share Fund		Colonial First State Wholesale Industrial Share Fund	
		1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Investment income</b>							
Interest income	3	78,065	94,192	3,531	786	1,669	648
Distribution income		3,051	2,031	-	-	-	-
Dividend Income		-	-	69,882	73,884	59,090	49,072
Changes in fair value of financial instruments held for trading		(2,063)	(13,149)	(363,472)	406,882	(377,601)	249,679
Other income		75	-	222	56	260	10
Net foreign exchange gain/(loss)		-	-	36	83	2	(1)
<b>Total investment income/(loss)</b>		<b>79,128</b>	<b>83,074</b>	<b>(289,801)</b>	<b>481,691</b>	<b>(316,580)</b>	<b>299,408</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	5,879	6,967	19,666	22,249	11,062	13,435
Other expenses		1	25	2	1	-	-
Brokerage costs		3	5	2,359	3,424	1,479	1,964
<b>Total operating expenses</b>		<b>5,883</b>	<b>6,997</b>	<b>22,027</b>	<b>25,674</b>	<b>12,541</b>	<b>15,399</b>
<b>Operating profit/(loss) attributable to unitholders</b>		<b>73,245</b>	<b>76,077</b>	<b>(311,828)</b>	<b>456,017</b>	<b>(329,121)</b>	<b>284,009</b>
Distributions to unitholders	4	(73,741)	(83,493)	(130,665)	(525,897)	(134,157)	(257,889)
Decrease/(Increase) in net assets attributable to unitholders from operations	6(a)	496	7,416	442,493	69,880	463,278	(26,120)
<b>Profit/(Loss) for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**INCOME STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

		Colonial First State Wholesale Small Companies Fund - Core		Colonial First State Wholesale Global Health & Biotechnology Fund		Colonial First State Wholesale Global Technology & Communications Fund	
	Notes	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Investment income</b>							
Interest income		3,586	2,616	77	71	80	80
Dividend Income		25,164	24,015	350	487	650	685
Changes in fair value of financial instruments held for trading		(246,610)	275,689	(6,258)	810	(8,061)	6,313
Other income		32	51	-	-	-	-
Net foreign exchange loss		(312)	(41)	(34)	(58)	(134)	(115)
<b>Total investment income/(loss)</b>		(218,140)	302,330	(5,865)	1,310	(7,465)	6,963
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	8,096	8,299	399	595	425	572
Other expenses		1	-	-	1	4	1
Brokerage costs		2,351	1,372	15	25	35	54
<b>Total operating expenses</b>		10,448	9,671	414	621	464	627
<b>Operating (loss)/profit attributable to unitholders</b>		(228,588)	292,659	(6,279)	689	(7,929)	6,336
Distributions to unitholders	4	(93,432)	(160,062)	(32)	-	(317)	(263)
Decrease/(Increase) in net assets attributable to unitholders from operations	6(a)	322,020	132,597	6,311	(689)	8,246	(6,073)
<b>Profit/(Loss) for the year</b>		-	-	-	-	-	-

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**BALANCE SHEETS  
AS AT 30 JUNE 2008**

	Notes	Colonial First State Wholesale Short Term Australian Bond Fund		Colonial First State Wholesale Australian Share Fund		Colonial First State Wholesale Industrial Share Fund	
		30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Assets</b>							
Cash and cash equivalents		29,957	6,797	84,892	73,114	32,301	39,426
Trade and other receivables:							
- outstanding sales settlement		-	-	5,705	20,754	-	3,086
- application monies		-	-	851	2,210	-	100
- dividends		-	-	9,880	12,238	7,616	9,449
- interests		124	768	347	299	153	197
- others		130	168	581	650	276	379
Financial assets held for trading	5	1,123,634	1,561,301	1,616,838	2,261,729	869,099	1,320,021
<b>Total assets</b>		<b>1,153,845</b>	<b>1,569,034</b>	<b>1,719,094</b>	<b>2,370,994</b>	<b>909,445</b>	<b>1,372,658</b>
<b>Liabilities</b>							
Trade and other payables:							
- outstanding purchase settlements		-	-	7,288	11,664	5,395	3,271
- redemptions		-	-	247	970	10	-
Others		-	-	-	1	-	-
Distribution payable		5	4	4,423	29,763	43	131
Fees due to Responsible Entity	8(c)	449	588	1,436	1,995	761	1,143
Financial liabilities held for trading:							
- derivatives	5	8,036	3,248	4,329	303	-	98
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>8,490</b>	<b>3,840</b>	<b>17,723</b>	<b>44,696</b>	<b>6,209</b>	<b>4,643</b>
<b>Net assets attributable to unitholders - liability</b>	6(a)	<b>1,145,355</b>	<b>1,565,194</b>	<b>1,701,371</b>	<b>2,326,298</b>	<b>903,236</b>	<b>1,368,015</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		1,145,635	1,565,748	1,701,267	2,331,989	902,326	1,372,910
Adjustments arising from different unit pricing and AIFRS valuation principles		(307)	(499)	(3,304)	(10,423)	(958)	(7,559)
Buy and sell spread		-	-	3,409	4,673	1,808	2,751
Adjustments to year end accruals		27	(55)	(1)	59	60	(87)
<b>Net assets attributable to unitholders</b>		<b>1,145,355</b>	<b>1,565,194</b>	<b>1,701,371</b>	<b>2,326,298</b>	<b>903,236</b>	<b>1,368,015</b>

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**BALANCE SHEETS  
AS AT 30 JUNE 2008**

	Notes	Colonial First State Wholesale Small Companies Fund - Core		Colonial First State Wholesale Global Health & Biotechnology Fund		Colonial First State Wholesale Global Technology & Communications Fund	
		30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Assets</b>							
Cash and cash equivalents		29,850	20,385	847	1,495	1,243	990
Trade and other receivables:							
- outstanding sales settlement		2,571	7,275	-	-	489	455
- application monies		675	68	29	1	12	1
- dividends		1,668	2,038	3	37	27	45
- interests		104	115	7	4	6	4
- others		219	302	11	18	12	19
Financial assets held for trading	5	527,406	936,872	28,098	41,882	28,249	44,395
<b>Total assets</b>		<b>562,493</b>	<b>967,055</b>	<b>28,995</b>	<b>43,437</b>	<b>30,038</b>	<b>45,909</b>
<b>Liabilities</b>							
Trade and other payables:							
- outstanding purchase settlements		11,344	9,582	-	14	337	266
- redemptions		846	791	52	-	29	-
Distribution payable		-	6,842	2	-	30	27
Fees due to Responsible Entity	8(c)	546	941	29	44	30	47
Financial liabilities held for trading:							
- derivatives	5	285	-	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>13,021</b>	<b>18,156</b>	<b>83</b>	<b>58</b>	<b>426</b>	<b>340</b>
<b>Net assets attributable to unitholders - liability</b>	6(a)	<b>549,472</b>	<b>948,899</b>	<b>28,912</b>	<b>43,379</b>	<b>29,612</b>	<b>45,569</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		550,430	949,392	28,870	43,329	29,572	45,492
Adjustments arising from different unit pricing and AIFRS valuation principles		(2,364)	(3,693)	(37)	-	(33)	-
Buy and sell spread		1,380	3,335	72	109	74	114
Adjustments to year end accruals		26	(135)	7	(59)	(1)	(37)
<b>Net assets attributable to unitholders</b>		<b>549,472</b>	<b>948,899</b>	<b>28,912</b>	<b>43,379</b>	<b>29,612</b>	<b>45,569</b>

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

## COLONIAL FIRST STATE WHOLESALE FUNDS

### STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Colonial First State Wholesale Short Term Australian Bond Fund		Colonial First State Wholesale Australian Share Fund		Colonial First State Wholesale Industrial Share Fund	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Total equity at the beginning of the financial year</b>	-	-	-	-	-	-
Profit or loss for the year	-	-	-	-	-	-
Net income/(expense) recognised directly in equity						
<b>Total recognised income and expenses for the year</b>	-	-	-	-	-	-
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-	-
<b>Total equity at the end of the financial year</b>	-	-	-	-	-	-

Under AIRFS, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

	Colonial First State Wholesale Small Companies Fund - Core		Colonial First State Wholesale Global Health & Biotechnology Fund		Colonial First State Wholesale Global Technology & Communications Fund	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Total equity at the beginning of the financial year</b>	-	-	-	-	-	-
Profit or loss for the year	-	-	-	-	-	-
Net income/(expense) recognised directly in equity						
<b>Total recognised income and expenses for the year</b>	-	-	-	-	-	-
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-	-
<b>Total equity at the end of the financial year</b>	-	-	-	-	-	-

Under AIRFS, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

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



**COLONIAL FIRST STATE WHOLESALE FUNDS**

**CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Colonial First State Wholesale Short Term Australian Bond Fund		Colonial First State Wholesale Australian Share Fund		Colonial First State Wholesale Industrial Share Fund	
		1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		1,145,830	1,688,936	1,254,711	1,544,929	808,240	822,172
Payments for purchase of financial instruments held for trading		(708,249)	(1,717,128)	(945,168)	(1,105,860)	(713,432)	(519,539)
Interest received		84,570	95,599	3,484	541	1,713	541
Dividends received		-	-	58,851	65,492	44,552	44,711
Other income received		74	-	221	56	260	10
Responsible Entity fee paid		(5,979)	(7,047)	(20,156)	(21,971)	(11,342)	(13,483)
Other expenses paid		-	(25)	(1)	(1)	-	(1)
Payment for brokerage costs		(3)	(5)	(2,359)	(3,424)	(1,479)	(1,964)
<b>Net cash from operating activities</b>	7(a)	516,243	60,330	349,583	479,762	128,512	332,447
<b>Cash flows from financing activities</b>							
Receipts from issue of units		207,070	275,020	163,662	190,480	57,785	11,430
Payment for redemption of units		(700,129)	(353,109)	(463,716)	(570,698)	(193,195)	(345,052)
Distributions paid		(24)	(26)	(37,751)	(50,906)	(227)	(466)
<b>Net cash used in financing activities</b>		(493,083)	(78,115)	(337,805)	(431,124)	(135,637)	(334,088)
<b>Net movement in cash and cash equivalents</b>		23,160	(17,785)	11,778	48,638	(7,125)	(1,641)
Add opening cash and cash equivalents brought forward		6,797	24,582	73,114	24,476	39,426	41,067
<b>Closing cash and cash equivalents carried forward</b>		29,957	6,797	84,892	73,114	32,301	39,426

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

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Colonial First State Wholesale Small Companies Fund - Core		Colonial First State Wholesale Global Health & Biotechnology Fund		Colonial First State Wholesale Global Technology & Communications Fund	
		1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		1,028,544	583,923	24,294	33,853	53,921	64,419
Payments for purchase of financial instruments held for trading		(854,018)	(797,315)	(16,816)	(19,299)	(45,932)	(50,858)
Interest received		3,597	2,728	74	74	78	84
Dividends received		20,303	23,371	384	472	669	668
Other income received		32	50	-	-	-	-
Responsible Entity fee paid		(8,409)	(7,988)	(406)	(601)	(436)	(571)
Other expenses (paid)/refund		-	(1)	1	(1)	(4)	(2)
Payment for brokerage costs		(2,351)	(1,372)	(15)	(25)	(35)	(54)
<b>Net cash from/(used in) operating activities</b>	7(a)	187,698	(196,604)	7,516	14,473	8,261	13,686
<b>Cash flows from financing activities</b>							
Receipts from issue of units		66,419	278,923	1,866	1,449	4,621	2,084
Payment for redemption of units		(220,370)	(104,174)	(10,030)	(16,557)	(12,602)	(16,012)
Distributions paid		(24,282)	(3,257)	-	-	(27)	-
<b>Net cash (used in)/from financing activities</b>		(178,233)	171,492	(8,164)	(15,108)	(8,008)	(13,928)
<b>Net movement in cash and cash equivalents</b>		9,465	(25,112)	(648)	(635)	253	(242)
Effects of exchange rate changes		-	-	-	9	-	8
Add opening cash and cash equivalents brought forward		20,385	45,497	1,495	2,121	990	1,224
<b>Closing cash and cash equivalents carried forward</b>		29,850	20,385	847	1,495	1,243	990

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

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 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 Funds' Constitutions 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 Sheets are 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 financial report was authorised for issue by the Directors of the Responsible Entity on 29 August 2008.

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

#### (b) Statement of Compliance

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

#### (c) Investments in Financial Assets and Liabilities Held for Trading

##### *Classification*

The Funds' investments are classified as held for trading and initially recognised at fair value not including transaction costs, which are expensed in the income statement.

##### *Recognition/Derecognition*

The Funds recognise 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 Funds no longer control 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 date.

The fair value of investments in managed investment scheme is determined by multiplying ex-exit price by number of units held in the underlying scheme.

Share price index (SPI) futures contracts are marked to market according to the bid price on the relevant futures exchange.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### *Measurement (continued)*

Convertible notes have been recognised as fixed interest securities in the Balance Sheet. Upon expiry of the note, if it is converted to shares, the fair value is recognised as listed equity.

For financial liabilities from the short sales of financial instruments that are actively traded in organised financial markets, fair value is determined by reference to Exchange quoted market ask prices at the close of business on the Balance Sheet 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. The fair value of units in unlisted Managed Investment Schemes is determined by reference to published bid prices at the close of business on the Balance Sheet date being the redemption price as established by the underlying Fund's Responsible Entity.

Gains or losses on investments held for trading are recognised in the Income Statements. Investments of the Funds which are considered to be held for trading are equity securities and derivatives.

#### (d) Investment Income

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

##### *Dividend and Distribution income*

Income is recognised when the right to receive the payment is established.

##### *Interest income*

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

#### (e) Cash and cash equivalents

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

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Trade and Other Receivables

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

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

#### (g) Trade and Other Payables

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

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

#### (h) Taxation

Under current legislation, the Funds are not subject to income tax provided the unitholders are presently entitled to the income of the Funds and the Funds fully distribute their taxable income.

#### (i) Distributions

In accordance with the Funds' Constitutions, the Funds fully distribute their distributable income to unitholders. Distributions are payable at the end of each month, quarter or half-year. Such distributions are determined by reference to the taxable income of the Funds. 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.

#### (j) Foreign Currency

##### Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheets date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the profit or loss in the period in which they arise.

##### Foreign Currency Translations

Items included in the Fund's Financial Statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds competes for funds and is regulated. The Australian dollar is also the Funds presentation currency.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Unit Prices

Unit prices are determined in accordance with the Funds' Constitutions and are calculated as the net assets attributable to unitholders, or unitholders' funds of the Fund, divided by the number of units on issue. Financial assets and liabilities held for trading for unit pricing purposes are valued on a "last sale" price basis.

#### (l) 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.

#### (m) 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 Funds, all net assets attributable to unitholders have been recognised as liabilities of the Funds, 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 Funds.

#### (n) 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 Sheets.

Cash flows are included in the Cash Flow Statements 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.

#### (o) Expense Recognition

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Use of estimates

The Funds make 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.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### (q) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The impact of these new standards and interpretations is set below:

- AASB 8 "*Operating Segments*" and AASB 2007-3 "*Amendments to Australian Accounting Standards*" arising from AASB 8.

AASB 8 and AASB 2007 - 3 are effective for annual reporting periods beginning on or after 1 January 2009. The Funds have not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but may affect the segment disclosures provided in Note 9.

- Revised AASB 101 "*Presentation of Financial Statements Revised*" and AASB 2007-8 "*Amendments to Australian Accounting Standards*" arising from AASB 101.

AASB 101 (Revised) is applicable to annual reporting beginning on or after 1 January 2009. The Fund has not adopted this standard early. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity will not affect any amounts recognised in the financial statements. If a Fund has made a prior period adjustment or has re-classified items in the financial statement, it will need to disclose a third Balance Sheet, this one being at the beginning of the comparative period.

- AASB 132 *Financial Instruments: Presentation* and AASB 2008-2 *Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations Arising on Liquidation* (Revised AASB 132).

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Funds have not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Funds are obligated to distribute all of its taxable income in accordance with the Fund's Constitution. Accordingly, there will be no change to classification of unitholders' funds as a liability and therefore no impact on profit or loss and equity.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 2. AUDITORS' 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 Funds and tax compliance services. The auditors' non-audit remuneration is not paid by the Funds.

### 3. INTEREST INCOME

The following tables show the average interest rates earned by the Funds that invest primarily in fixed interest and money market securities. The average interest rates are calculated by dividing the total interest earned for the reporting period by the average monthly balances invested. The average interest rate for cash and cash equivalents is calculated by dividing the total earned for the year by the average daily balances invested.

	Colonial First State Wholesale Short Term Australian Bond Fund					
	2008			2007		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	\$'000	\$'000	%	\$'000	\$'000	%
Cash and cash equivalents	46,138	3,018	6.54%	53,133	3,176	5.98%
Money market securities	50,352	3,512	6.97%	102,396	4,689	4.58%
Fixed interest securities	1,202,844	75,176	6.25%	1,383,013	86,322	6.24%
Interest rate swaps		(3,641)		-	5	-
	<u>1,299,334</u>	<u>78,065</u>		<u>1,538,542</u>	<u>94,192</u>	



## COLONIAL FIRST STATE WHOLESALE FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### 4. DISTRIBUTIONS

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 Sheets represents the component of the final distribution for the year which had not been paid at balance date.

The amounts distributed or proposed to be distributed to unitholders in cents per unit (cpu) during the year were:

Period ended:	Colonial First State Wholesale Short Term Australian Bond Fund				Colonial First State Wholesale Australian Share Fund			
	1/7/2007 - 30/06/2008		1/7/2006 - 30/06/2007		1/7/2007 - 30/06/2008		1/7/2006 - 30/06/2007	
	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 30 September	1.41	19,852	1.40	21,621	1.56	16,097	1.50	15,077
- 31 December	1.70	25,041	1.15	17,070	3.00	29,975	7.55	72,598
- 31 March	1.30	15,854	1.65	25,270	3.85	37,518	15.00	143,353
- 30 June	1.16	12,994	1.28	19,532	4.85	47,075	30.84	294,869
		73,741		83,493		130,665		525,897

Period ended:	Colonial First State Wholesale Industrial Share Fund				Colonial First State Wholesale Small Companies Fund - Core			
	1/7/2007 - 30/06/2008		1/7/2006 - 30/06/2007		1/7/2007 - 30/06/2008		1/7/2006 - 30/06/2007	
	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 30 September	1.40	10,840	1.15	9,501	n/a	n/a	n/a	n/a
- 31 December	4.75	35,604	5.95	45,897	20.70	93,432	5.30	21,787
- 31 March	5.60	42,823	11.00	81,907	n/a	n/a	n/a	n/a
- 30 June	5.70	44,890	16.34	120,584	-	-	31.78	138,275
		134,157		257,889		93,432		160,062

Period ended:	Colonial First State Wholesale Global Health & Biotechnology Fund				Colonial First State Wholesale Global Technology & Communications Fund			
	1/7/2007 - 30/06/2008		1/7/2006 - 30/06/2007		1/7/2007 - 30/06/2008		1/7/2006 - 30/06/2007	
	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 31 December	-	-	-	-	-	-	-	-
- 30 June	0.08	32	-	-	0.62	317	0.42	263
		32		-		317		263

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**5. INVESTMENTS IN FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING**

	Colonial First State Wholesale Short Term Australian Bond Fund		Colonial First State Wholesale Australian Share Fund		Colonial First State Wholesale Industrial Share Fund	
	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Listed Equities</b>						
- Australian stock exchange	-	-	1,570,222	2,071,757	853,934	1,180,920
- International stock exchanges	-	-	46,616	189,972	15,165	139,101
<b>Total Listed Equities</b>	-	-	1,616,838	2,261,729	869,099	1,320,021
<b>Managed Investment Schemes</b>						
- Related Managed Investment Schemes	3,254	91,366	-	-	-	-
<b>Total Managed Investment Schemes</b>	3,254	91,366	-	-	-	-
<b>Money Market Securities</b>						
- Floating Rate Notes	32,393	80,457	-	-	-	-
<b>Total Money Market Securities</b>	32,393	80,457	-	-	-	-
<b>Domestic Fixed Interest</b>						
- Government Bonds	85,081	39,419	-	-	-	-
- Semi-Govt Bonds	351,717	418,653	-	-	-	-
- Govt Guaranteed Bonds	-	-	-	-	-	-
- Debentures	648,805	930,608	-	-	-	-
<b>Total Fixed Interest</b>	1,085,603	1,388,680	-	-	-	-
<b>Derivatives</b>						
- Interest Rate Swap	(5,652)	(2,450)	-	-	-	-
- Futures	-	-	(1,422)	(303)	-	(98)
- Options	-	-	(2,907)	-	-	-
<b>Total Derivatives</b>	(5,652)	(2,450)	(4,329)	(303)	-	(98)
<b>Total Investments in Financial Assets and Liabilities</b>	1,115,598	1,558,053	1,612,509	2,261,426	869,099	1,319,923

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**5. INVESTMENTS IN FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (continued)**

	Colonial First State Wholesale Small Companies Fund - Core		Colonial First State Wholesale Global Health & Biotechnology Fund		Colonial First State Wholesale Global Technology & Communications Fund	
	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Listed Equities</b>						
- Australian stock exchange	495,415	855,142	-	-	-	-
- International stock exchanges	31,991	81,730	28,098	41,882	28,249	44,395
<b>Total Listed Equities</b>	<b>527,406</b>	<b>936,872</b>	<b>28,098</b>	<b>41,882</b>	<b>28,249</b>	<b>44,395</b>
<b>Derivatives</b>						
- Interest Rate Swap	-	-	-	-	-	-
- Futures	(285)	-	-	-	-	-
<b>Total Derivatives</b>	<b>(285)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Investments in Financial Assets and Liabilities</b>	<b>527,121</b>	<b>936,872</b>	<b>28,098</b>	<b>41,882</b>	<b>28,249</b>	<b>44,395</b>

## COLONIAL FIRST STATE WHOLESALE FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### 6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Funds' Constitution, each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. 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 during the year were as follows:

	<b>Colonial First State Wholesale Short Term Australian Bond Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	1,545,197	1,565,194	1,538,827	1,567,231
Applications	203,976	207,070	269,115	275,020
Redemptions	(689,317)	(700,129)	(344,948)	(353,109)
Units issued upon reinvestment of distributions	73,090	73,716	82,203	83,468
Decrease in net assets attributable to unitholders from operations	-	(496)	-	(7,416)
<b>Closing Balance</b>	<b>1,132,946</b>	<b>1,145,355</b>	<b>1,545,197</b>	<b>1,565,194</b>

	<b>Colonial First State Wholesale Australian Share Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	1,078,477	2,326,298	1,027,506	2,302,327
Applications	77,483	162,302	87,718	192,417
Redemptions	(223,051)	(462,991)	(247,767)	(571,010)
Units issued upon reinvestment of distributions	62,626	118,255	211,020	472,444
Decrease in net assets attributable to unitholders from operations	-	(442,493)	-	(69,880)
<b>Closing Balance</b>	<b>995,535</b>	<b>1,701,371</b>	<b>1,078,477</b>	<b>2,326,298</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)**

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

	<b>Colonial First State Wholesale Industrial Share Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	808,784	1,368,015	846,075	1,417,850
Applications	39,853	57,685	6,168	11,530
Redemptions	(122,512)	(193,204)	(190,147)	(345,052)
Units issued upon reinvestment of distributions	102,534	134,018	146,688	257,567
(Decrease)/Increase in net assets attributable to unitholders from operations	-	(463,278)	-	26,120
<b>Closing Balance</b>	<b>828,659</b>	<b>903,236</b>	<b>808,784</b>	<b>1,368,015</b>

	<b>Colonial First State Wholesale Small Companies Fund -</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	504,728	948,899	322,767	489,921
Applications	43,196	67,025	155,860	278,948
Redemptions	(135,353)	(220,424)	(55,452)	(104,965)
Units issued upon reinvestment of distributions	46,351	75,992	81,553	152,398
(Decrease)/Increase in net assets attributable to unitholders from operations	-	(322,020)	-	132,597
<b>Closing Balance</b>	<b>458,922</b>	<b>549,472</b>	<b>504,728</b>	<b>948,899</b>

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

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

	<b>Colonial First State Wholesale Global Health &amp;</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	50,618	43,379	67,541	57,681
Applications	2,323	1,894	1,649	1,448
Redemptions	(12,401)	(10,080)	(18,572)	(16,439)
Units issued upon reinvestment of distributions	42	30	-	-
(Decrease)/Increase in net assets attributable to unitholders from operations	-	(6,311)	-	689
<b>Closing Balance</b>	<b>40,582</b>	<b>28,912</b>	<b>50,618</b>	<b>43,379</b>

	<b>Colonial First State Wholesale Global Technology &amp; Communications</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	62,878	45,569	82,654	53,185
Applications	6,540	4,632	(7,301)	2,084
Redemptions	(18,238)	(12,630)	(12,800)	(16,009)
Units issued upon reinvestment of distributions	501	287	325	236
(Decrease)/Increase in net assets attributable to unitholders from operations	-	(8,246)	-	6,073
<b>Closing Balance</b>	<b>51,681</b>	<b>29,612</b>	<b>62,878</b>	<b>45,569</b>

- b) Capital Risk Management

The Funds manage their 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 can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

The Funds monitor the level of daily applications and redemptions relative to the liquid assets in the Funds. Liquid assets include cash and cash equivalents and listed equities.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**7. CASH AND CASH EQUIVALENTS**

**(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities**

	Colonial First State Wholesale Short Term Australian Bond Fund		Colonial First State Wholesale Australian Share Fund		Colonial First State Wholesale Industrial Share Fund	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
Net profit/(Net loss) attributable to unitholders	73,245	76,077	(311,828)	456,017	(329,121)	284,009
Proceeds from sale of financial instruments held for trading	1,145,830	1,562,968	1,239,662	1,521,865	805,154	800,840
Purchase of financial instruments held for trading	(708,249)	(1,588,541)	(940,793)	(1,082,033)	(715,556)	(491,209)
Changes in fair value of financial instruments held for trading	2,063	13,149	363,472	(406,882)	377,601	(249,679)
Distribution income reinvested	(3,051)	(2,031)	(13,389)	(10,371)	(16,372)	(6,630)
Net foreign exchange (loss)/gain	-	-	(36)	(83)	(2)	1
Changes in assets and liabilities:						
Outstanding sales settlements	-	125,968	15,049	23,064	3,086	21,333
Dividends receivable	-	-	2,358	1,979	1,833	2,268
Interest receivable	6,505	1,406	(47)	(245)	44	(108)
Other receivables	39	6	68	270	101	29
Outstanding purchase settlements	-	(128,587)	(4,375)	(23,827)	2,124	(28,330)
Other payables	-	1	1	-	2	(1)
Responsible Entity fees	(139)	(86)	(559)	8	(382)	(76)
<b>Net Cash From Operating Activities</b>	<b>516,243</b>	<b>60,330</b>	<b>349,583</b>	<b>479,762</b>	<b>128,512</b>	<b>332,447</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**7. CASH AND CASH EQUIVALENTS (CONTINUED)**

**(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)**

	Colonial First State Wholesale Small Companies Fund - Core		Colonial First State Wholesale Global Health & Biotechnology Fund		Colonial First State Wholesale Global Technology & Communications Fund	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
Net (loss)/profit attributable to unitholders	(228,588)	292,659	(6,279)	689	(7,929)	6,336
Proceeds from sale of financial instruments held for trading	1,023,839	580,141	24,294	33,796	53,955	64,547
Purchase of financial instruments held for trading	(855,780)	(803,324)	(16,802)	(19,313)	(46,003)	(51,029)
Changes in fair value of financial instruments held for trading	246,610	(275,689)	6,258	(810)	8,061	(6,313)
Distribution income reinvested	(5,231)	-	-	-	-	-
Net foreign exchange gain	312	41	34	58	134	115
Changes in assets and liabilities:						
Outstanding sales settlements	4,705	3,782	-	57	(34)	(128)
Dividends receivable	370	(644)	34	(15)	18	(17)
Interest receivable	11	112	(3)	2	(2)	4
Other receivables	81	(145)	7	9	6	8
Outstanding purchase settlements	1,762	6,008	(14)	14	71	171
Other payables	2	(1)	2	-	-	-
Responsible Entity fees	(395)	456	(15)	(14)	(16)	(8)
<b>Net Cash From/(Used In) Operating Activities</b>	<b>187,698</b>	<b>(196,604)</b>	<b>7,516</b>	<b>14,473</b>	<b>8,261</b>	<b>13,686</b>

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

- Reinvestment of unitholders distributions as disclosed in Statements of Changes in Net Asset Attributable to Unitholders and Note 6(a) under "Units issued upon reinvestment of distributions".
- Participation in dividend reinvestment plans as disclosed in Note 7(a) under "Dividend income reinvested".

**(c) Terms and conditions on cash**

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



# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 8. RELATED PARTIES DISCLOSURES

#### (a) Responsible Entity

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

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

#### (b) Details of Key Management Personnel

##### (i) Key Management Personnel

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

Grahame Petersen

Michael John Venter

Brian Vincent Bissaker

Paul Rayson

Peter Robert Winney

John Robert Dempsey

Bradley Brian Massey

Resigned 15 January 2008

Appointed 21 February 2008

##### (ii) Compensation of key management personnel

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

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 WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 8. RELATED PARTIES DISCLOSURES (continued)

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

Under the terms of the Constitutions, 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 Funds. The table below shows the current fee rates charged.

Where monies are invested into other Funds managed by the Responsible Entity the management fee is calculated after rebating fees charged in the underlying Funds. As a consequence, the amount shown in the Income Statements reflect only the amount of fees charged directly to the respective Funds. As at the year end the amounts due to and from the Responsible Entity are disclosed on the face of the Balance Sheets.

The management fee rates for the Funds are as follows:

	2008 Management Fees %	2007 Management Fees %
Colonial First State Wholesale Short Term Australian Bond Fund	0.45	0.45
Colonial First State Wholesale Australian Share Fund	0.95	0.95
Colonial First State Wholesale Industrial Share Fund	0.95	0.95
Colonial First State Wholesale Small Companies Fund - Core	1.10	1.10
Colonial First State Wholesale Global Health & Biotechnology Fund	1.15	1.15
Colonial First State Wholesale Global Technology & Communications Fund	1.15	1.15

The actual management fee rate charged for global investing Funds are lower than those disclosed above. This is due to these Funds being entitled to claim 100% of Good and Services Tax ("GST") as compared to 75% for domestic investing Funds.

The Responsible Entity's management fees charged for the years ended 30 June 2008 and 30 June 2007 are as follows:

Name of Funds	Year Ended 2008 \$	Year Ended 2007 \$
Colonial First State Wholesale Short Term Australian Bond Fund	5,879,005	6,967,404
Colonial First State Wholesale Australian Share Fund	19,665,668	22,248,564
Colonial First State Wholesale Industrial Share Fund	11,060,908	13,435,100
Colonial First State Wholesale Small Companies Fund - Core	8,096,306	8,299,379
Colonial First State Wholesale Global Health & Biotechnology Fund	397,609	595,259
Colonial First State Wholesale Global Technology & Communications Fund	425,407	571,734

Fees due to the Responsible Entity as at years ended 30 June 2008 and 30 June 2007 are as follows:

Name of Funds	2008 \$	2007 \$
Colonial First State Wholesale Short Term Australian Bond Fund	448,476	587,573
Colonial First State Wholesale Australian Share Fund	1,436,216	1,995,220
Colonial First State Wholesale Industrial Share Fund	761,105	1,142,946
Colonial First State Wholesale Small Companies Fund - Core	546,349	940,860
Colonial First State Wholesale Global Health & Biotechnology Fund	29,284	44,053
Colonial First State Wholesale Global Technology & Communications Fund	30,383	46,570

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (d) Bank and Deposit Accounts

The bank accounts and 11 am deposit accounts for the Funds are 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.

#### (e) Related party investments of the Funds

Other Funds managed by the Responsible Entity or its affiliates may from time to time purchase or redeem units in the Colonial First State Wholesale Funds. Such activity is undertaken in the ordinary course of business at entry and exit prices available to all investors at the time of the transaction.

The interests of Colonial First State Investments Limited and its associates in the Funds at the end of the reporting period are set out below:

	2008 Number of Units No.'000	2007 Number of Units No.'000
Colonial First State Wholesale Short Term Australian Bond Fund	1,079,454	1,477,924
Colonial First State Wholesale Australian Share Fund	759,563	817,771
Colonial First State Wholesale Industrial Share Fund	826,696	806,709
Colonial First State Wholesale Small Companies Fund - Core	324,290	328,772
Colonial First State Wholesale Global Health & Biotechnology Fund	33,066	41,397
Colonial First State Wholesale Global Technology & Communications Fund	41,331	50,196

#### (f) Related Party Transactions

##### *Related parties*

Transactions between the Funds and other registered Funds also managed by the Responsible Entity consisted of the sale of units in the Funds to related Managed Investment Schemes, 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 30 June 2007 represent the value of the units (financial liability of the Schemes) issued or held and any amount of interest expense payable or receivable.

##### *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 year end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(g) Investing Activities**

(i) Managed investment schemes

The following Funds held investments in the following schemes which were managed by Colonial First State Investments Limited. Distributions received are immediately reinvested into additional units.

<b>Investment Name</b>	<b>Units Held at Year End</b>	<b>Value of Investment at Year End</b>	<b>Interest held in Investment at Year End</b>	<b>Units Acquired During Year End</b>	<b>Units Disposed of During Year End</b>	<b>Distribution Received</b>
	<b>No.'000</b>	<b>\$'000</b>	<b>%</b>	<b>No.('000)</b>	<b>No.('000)</b>	<b>\$'000</b>

**Colonial First State Wholesale  
Short Term Australian Bond  
Fund**

Units held in Colonial First  
State Wholesale Cash Fund

- 2008	3,231	3,254	0.06	171,238	258,629	3,051
- 2007	90,622	91,366	1.85	229,716	143,889	2,031

(ii) Listed securities

The following Funds held shares/units in the Bank and its related parties.

<b>Securities name</b>	<b>Shares/ Units Held at Year End</b>	<b>Value of Investment at Year End</b>	<b>Interest held in Investment at Year End</b>	<b>Shares/ Units acquired During Year</b>	<b>Shares/ Units disposed of During Year</b>	<b>Dividend/ Distribution received</b>
	<b>No.('000)</b>	<b>\$'000</b>	<b>%</b>	<b>No.('000)</b>	<b>No.('000)</b>	<b>\$'000</b>

**Colonial First State Wholesale  
Australian Share Fund**

Shares in Commonwealth Bank  
of Australia

- 2008	2,016	80,941	0.16	347	1,006	6,019
- 2007	2,675	147,111	0.21	1,730	669	6,322

**Colonial First State Wholesale  
Industrial Share Fund**

Shares in Commonwealth Bank  
of Australia

- 2008	1,846	74,135	0.15	764	381	4,995
- 2007	1,463	80,451	0.12	685	517	4,038

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(g) Investing Activities (continued)**

(iii) Swaps

The following Fund had swap contracts with the Bank.

<b>Counterparty</b>	<b>Notional Principal Amount \$'000</b>	<b>Market Value \$'000</b>
---------------------	---	------------------------------------

**Colonial First State Wholesale  
Short Term Australian Bond  
Fund**

Commonwealth Bank of Australia

- 2008	185,000	(4,535)
- 2007	185,000	(1,976)

(iv) Fixed interest securities

The following Funds held fixed interest securities with the Bank and it's related parties:

<b>Counterparty</b>	<b>Market Value \$'000</b>
---------------------	------------------------------------

**Colonial First State Wholesale  
Short Term Australian Bond  
Fund**

Commonwealth Bank of Australia

- 2008	54,773
- 2007	43,447

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 9. SEGMENT INFORMATION

The Funds operate in one business segment, being investment management. The Funds operate from one geographic location being Australia, from where their investing activities are managed. Revenue is derived from dividends, distributions, interest, gains on the sale of investments, and unrealised changes in the value of investments.

### 10. FINANCIAL RISK MANAGEMENT

The Funds' activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management programme focuses on ensuring compliance with the Fund's Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. Certain Funds 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 Compliance Department of the Responsible Entity.

The Funds use different methods 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

The Funds' financial assets are either directly or indirectly exposed to price risk. This arises from investments held by the Funds 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. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) below sets out how this component of price risk is measured and managed.

The Investment Managers mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits and guidelines in accordance with the Information Memorandum or Constitutions and are regularly monitored by the Compliance Department of the Responsible Entity.

The table in Note 10(b) summarises the impact of an increase/decrease of the Australian and global Indexes on the Funds' net assets attributable to unitholders at 30 June 2008 and 30 June 2007. The analysis is based on the assumptions that the indexes increased or decreased as tabled below with all other variables held constant and that the fair value of the Funds' which have indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. The impact mainly arises from the reasonable possible change in the fair value of the underlying investment.

Investments options	30/06/2008		30/06/2007	
	Decrease	Increase	Decrease	Increase
	%	%	%	%
Australian and Global Shares Options	(15)	30	(15)	30
Multi- Sectors options	(8)	15	(8)	15

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market Risk (continued)

#### (ii) Foreign exchange risk

Certain Funds hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

Certain Funds manage this risk by entering into foreign exchange forward contracts to hedge the risks. The terms and conditions of these contracts rarely exceed twelve months and are contracted in accordance with the investment guidelines. However, for accounting purposes, these Funds do not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

The Compliance Department of the Responsible Entity regularly monitors these hedging activities.

The table below summarises the Funds' which have exposure to foreign exchange risk.

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>					
<b>30/06/2008</b>	<b>United States Dollar</b>	<b>Japanese Yen</b>	<b>Euro</b>	<b>Swiss Franc</b>	<b>Others</b>
	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>
Cash and cash equivalents	345	-	-	-	-
Receivables	3	-	-	-	-
Financial assets held for trading	23,206	3,000	1,268	356	268
	<b>23,554</b>	<b>3,000</b>	<b>1,268</b>	<b>356</b>	<b>268</b>

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>					
<b>30/06/2007</b>	<b>United States Dollar</b>	<b>Japanese Yen</b>	<b>Euro</b>	<b>Danish Krone</b>	<b>Others</b>
	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>
Cash and cash equivalents	484	-	-	-	-
Financial assets held for trading	35,443	4,448	1,502	265	223
Payables	(14)	-	-	-	-
	<b>35,913</b>	<b>4,448</b>	<b>1,502</b>	<b>265</b>	<b>223</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Foreign exchange risk (continued)**

<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</b>					
<b>30/06/2008</b>	<b>United States Dollar</b>	<b>Euro</b>	<b>New Taiwan Dollar</b>	<b>Norwegian Krone</b>	<b>Others</b>
	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>
Cash and cash equivalents	728	-	56	-	-
Receivables	514	-	-	-	2
Financial assets held for trading	23,182	1,160	711	623	2,573
Payables	(337)	-	-	-	-
	<b>24,087</b>	<b>1,160</b>	<b>767</b>	<b>623</b>	<b>2,575</b>

<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</b>					
<b>30/06/2007</b>	<b>United States Dollar</b>	<b>Euro</b>	<b>New Taiwan Dollar</b>	<b>South Korean Won</b>	<b>Others</b>
	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>
Cash and cash equivalents	924	-	5	-	14
Receivables	455	-	-	-	-
Financial assets held for trading	37,360	1,952	1,197	698	3,188
Payables	(187)	-	-	-	(79)
	<b>38,552</b>	<b>1,952</b>	<b>1,202</b>	<b>698</b>	<b>3,123</b>

The table in Note 10 (b) summarises the sensitivities of the Funds' assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened/strengthened by 10.1% (2007 – 10.1%) against each of the other currencies to which the Funds' are exposed.



**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(iii) Interest rate risk**

The Funds which have 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 risk is measured using sensitivity analysis.

Certain Funds may also enter into derivatives 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 Funds' exposure to interest rate risks. It includes the Funds' assets and liabilities at fair values.

	<b>Colonial First State Wholesale Short Term Australian Bond Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2008</b>				
<b>Financial assets</b>				
Cash and cash equivalents	29,957	-	-	29,957
Receivables	-	-	254	254
Financial assets held for trading	32,393	1,085,603	3,254	1,121,250
<b>Financial liabilities</b>				
Payables	-	-	(454)	(454)
	62,350	1,085,603	3,054	1,151,007
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	378,000	(378,000)		
<b>Net exposure</b>	<b>440,350</b>	<b>707,603</b>	<b>3,054</b>	<b>1,151,007</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(iii) Interest rate risk (continued)**

<b>Colonial First State Wholesale Short Term Australian Bond Fund</b>				
<b>30/06/2007</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	6,797	-	-	6,797
Receivables	-	-	936	936
Financial assets held for trading	80,457	1,388,680	91,366	1,560,503
<b>Financial liabilities</b>				
Payables	-	-	(592)	(592)
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	87,254 504,500	1,388,680 (504,500)	91,710	1,567,644
Net exposure	591,754	884,180	91,710	1,567,644

<b>Colonial First State Wholesale Australian Share Fund</b>				
<b>30/06/2008</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	84,892	-	-	84,892
Receivables	-	-	17,364	17,364
Financial assets held for trading	-	-	1,616,838	1,616,838
<b>Financial liabilities</b>				
Payables	-	-	(13,394)	(13,394)
Financial liabilities held for trading	-	-	(4,329)	(4,329)
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	84,892 -	- -	1,616,479	1,701,371
Net exposure	84,892	-	1,616,479	1,701,371

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(iii) Interest rate risk (continued)**

<b>Colonial First State Wholesale Australian Share Fund</b>				
<b>30/06/2007</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	73,114	-	-	73,114
Receivables	-	-	36,151	36,151
Financial assets held for trading	-	-	2,261,729	2,261,729
<b>Financial liabilities</b>				
Payables	-	-	(44,392)	(44,392)
Financial liabilities held for trading	-	-	(303)	(303)
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	73,114	-	2,253,185	2,326,299
Net exposure	73,114	-	2,253,185	2,326,299

<b>Colonial First State Wholesale Industrial Share Fund</b>				
<b>30/06/2008</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	32,301	-	-	32,301
Receivables	-	-	8,045	8,045
Financial assets held for trading	-	-	869,099	869,099
<b>Financial liabilities</b>				
Payables	-	-	(6,209)	(6,209)
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	32,301	-	870,935	903,236
Net exposure	32,301	-	870,935	903,236

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(iii) Interest rate risk (continued)**

	<b>Colonial First State Wholesale Industrial Share Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2007</b>				
<b>Financial assets</b>				
Cash and cash equivalents	39,426	-	-	39,426
Receivables	-	-	13,211	13,211
Financial assets held for trading	-	-	1,320,021	1,320,021
<b>Financial liabilities</b>				
Payables	-	-	(4,545)	(4,545)
Financial liabilities held for trading	-	-	(98)	(98)
	39,426	-	1,328,589	1,368,015
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-		
Net exposure	39,426	-	1,328,589	1,368,015

	<b>Colonial First State Wholesale Small Companies Fund - Core</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2008</b>				
<b>Financial assets</b>				
Cash and cash equivalents	29,850	-	-	29,850
Receivables	-	-	5,237	5,237
Financial assets held for trading	-	-	527,406	527,406
<b>Financial liabilities</b>				
Payables	-	-	(12,736)	(12,736)
Financial liabilities held for trading	-	-	(285)	(285)
	29,850	-	519,622	549,472
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-		
Net exposure	29,850	-	519,622	549,472

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(iii) Interest rate risk (continued)**

<b>Colonial First State Wholesale Small Companies Fund - Core</b>				
<b>30/06/2007</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	20,385	-	-	20,385
Receivables	-	-	798	798
Financial assets held for trading	-	-	936,872	936,872
<b>Financial liabilities</b>				
Payables	-	-	(18,156)	(18,156)
	20,385	-	919,514	939,899
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-		
Net exposure	20,385	-	919,514	939,899

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>				
<b>30/06/2008</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	847	-	-	847
Receivables	-	-	50	50
Financial assets held for trading	-	-	28,098	28,098
<b>Financial liabilities</b>				
Payables	-	-	(83)	(83)
	847	-	28,065	28,912
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-		
Net exposure	847	-	28,065	28,912

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(iii) Interest rate risk (continued)**

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>				
<b>30/06/2007</b>	<b>Floating interest rate \$'000</b>	<b>Fixed interest rate \$'000</b>	<b>Non-interest bearing \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	1,495	-	-	1,495
Receivables	-	-	60	60
Financial assets held for trading	-	-	41,882	41,882
<b>Financial liabilities</b>				
Payables	-	-	(58)	(58)
	1,495	-	41,884	43,379
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-		
Net exposure	1,495	-	41,884	43,379

<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</b>				
<b>30/06/2008</b>	<b>Floating interest rate \$'000</b>	<b>Fixed interest rate \$'000</b>	<b>Non-interest bearing \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	1,243	-	-	1,243
Receivables	-	-	546	546
Financial assets held for trading	-	-	28,249	28,249
<b>Financial liabilities</b>				
Payables	-	-	(426)	(426)
	1,243	-	28,369	29,612
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-		
Net exposure	1,243	-	28,369	29,612

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(iii) Interest rate risk (continued)**

	<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2007</b>				
<b>Financial assets</b>				
Cash and cash equivalents	990	-	-	990
Receivables	-	-	524	524
Financial assets held for trading	-	-	44,395	44,395
<b>Financial liabilities</b>				
Payables	-	-	(340)	(340)
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	990	-	44,579	45,569
Net exposure	990	-	44,579	45,569

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

The table in Note 10 (b) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 75 basis points (2007 - +/- 75 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest securities.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Summarised sensitivity analysis**

The following table summarises the sensitivity of the Funds' 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 Funds' investments with the relevant benchmark and market volatility. 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 the economies, markets and securities in which the fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Colonial First State Wholesale Short Term Australian Bond Fund					
	Interest rate risk		Foreign exchange risk		Price Risk	
	Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
	-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008	12,885	(14,296)	-	-	(488)	976
30/06/2007	16,427	(18,232)	-	-	(1,096)	1,188

	Colonial First State Wholesale Australian Share Fund					
	Interest rate risk		Foreign exchange risk		Price Risk	
	Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
	-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008	(637)	637	-	-	(241,876)	483,752
30/06/2007	(548)	548	-	-	(339,214)	678,428



**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Summarised sensitivity analysis (continued)**

		Colonial First State Wholesale Industrial Share Fund					
		Interest rate risk		Foreign exchange risk		Price Risk	
		Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
		-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008		(242)	242	-	-	(130,365)	260,729
30/06/2007		(296)	296	-	-	(197,988)	395,977

		Colonial First State Wholesale Small Companies Fund - Core					
		Interest rate risk		Foreign exchange risk		Price Risk	
		Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
		-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008		(224)	224	(5)	5	(79,068)	158,136
30/06/2007		(224)	224	599	(599)	(126,895)	253,791

		Colonial First State Wholesale Global Health & Biotechnology Fund					
		Interest rate risk		Foreign exchange risk		Price Risk	
		Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
		-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008		(6)	6	(35)	35	(4,215)	8,429
30/06/2007		(11)	11	(47)	47	(6,282)	12,565

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Summarised sensitivity analysis (continued)**

	Colonial First State Wholesale Global Technology & Communications Fund					
	Interest rate risk		Foreign exchange risk		Price Risk	
	Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
	-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
<b>30/06/2008</b>	(9)	9	(97)	97	(4,237)	8,475
<b>30/06/2007</b>	(7)	7	(114)	114	(6,659)	13,318

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Credit risk

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 and amounts due from brokers.

Some Funds 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, whom have a minimum long term credit rating of BBB as rated by Standard and Poor's or an equivalent agency. The maximum exposure to credit risk for these OTC derivatives is the contract/notional amount, as shown in Note 11.

Certain Funds invest 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 monitors the credit risks that arise from holding these securities.

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 for the Funds which have such securities.

	<b>Colonial First State Wholesale Short Term Australian Bond Fund</b>	
	<b>30/06/2008 \$'000</b>	<b>30/06/2007 \$'000</b>
Total debt securities	1,117,996	1,469,137
<b>Rating</b>		
AAA	737,952	834,469
AA+	53,325	74,632
AA	29,592	147,061
AA-	138,131	107,835
A+	70,143	68,609
A	23,298	70,078
A-	24,917	32,174
Others	40,638	47,600
Non Rated	-	86,679
<b>Total</b>	<b>1,117,996</b>	<b>1,469,137</b>

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Liquidity Risk

The Funds are exposed to daily cash redemptions of redeemable units. It therefore primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

The Funds' listed securities are considered readily realisable, as they are listed on either the Australian Stock Exchange or other recognised International Stock Exchanges.

Certain Funds may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, these Funds may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty. No such investments were held at year end.

The table below analyses the Funds' financial liabilities excluding gross settled derivative financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date at the year end date. The amounts in the table are the contractual undiscounted cash flows.

#### (i) Financial liabilities

30/06/2008	Colonial First State Wholesale Short Term Australian Bond Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
Payables	454	-	-	-	-	-
Net assets attributable to unitholders	1,145,355	-	-	-	-	-
Total financial liabilities	1,145,809	-	-	-	-	-

30/06/2007	Colonial First State Wholesale Short Term Australian Bond Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
Payables	592	-	-	-	-	-
Net assets attributable to unitholders	1,565,194	-	-	-	-	-
Total financial liabilities	1,565,786	-	-	-	-	-

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk (continued)**

**(i) Financial liabilities (continued)**

	Colonial First State Wholesale Australian Share Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Financial liabilities held for trading						
Net settled derivatives	485	3,382	-	-	-	462
Payables	13,394	-	-	-	-	-
Net assets attributable to unitholders	1,701,371	-	-	-	-	-
<b>Total financial liabilities</b>	<b>1,715,250</b>	<b>3,382</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>462</b>

	Colonial First State Wholesale Australian Share Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Financial liabilities held for trading						
Net settled derivatives	-	303	-	-	-	-
Payables	44,393	-	-	-	-	-
Net assets attributable to unitholders	2,326,298	-	-	-	-	-
<b>Total financial liabilities</b>	<b>2,370,691</b>	<b>303</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Colonial First State Wholesale Industrial Share Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Payables	6,209	-	-	-	-	-
Net assets attributable to unitholders	903,236	-	-	-	-	-
<b>Total financial liabilities</b>	<b>909,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk (continued)**

**(i) Financial liabilities (continued)**

	Colonial First State Wholesale Industrial Share Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Financial liabilities held for trading						
Net settled derivatives	-	98	-	-	-	-
Payables	4,545	-	-	-	-	-
Net assets attributable to unitholders	1,368,015	-	-	-	-	-
<b>Total financial liabilities</b>	<b>1,372,560</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Colonial First State Wholesale Small Companies Fund - Core					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Financial liabilities held for trading						
Net settled derivatives	-	285	-	-	-	-
Payables	12,736	-	-	-	-	-
Net assets attributable to unitholders	549,472	-	-	-	-	-
<b>Total financial liabilities</b>	<b>562,208</b>	<b>285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Wholesale Small Companies Fund - Core					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Payables	18,156	-	-	-	-	-
Net assets attributable to unitholders	948,999	-	-	-	-	-
<b>Total financial liabilities</b>	<b>967,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk (continued)**

**(i) Financial liabilities (continued)**

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>						
<b>30/06/2008</b>	<b>Less than 1 month \$'000</b>	<b>1 - 3 months \$'000</b>	<b>3 - 12 months \$'000</b>	<b>1 - 2 years \$'000</b>	<b>2 - 3 years \$'000</b>	<b>More than 3 years \$'000</b>
Payables	83	-	-	-	-	-
Net assets attributable to unitholders	28,912	-	-	-	-	-
<b>Total financial liabilities</b>	<b>28,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>						
<b>30/06/2007</b>	<b>Less than 1 month \$'000</b>	<b>1 - 3 months \$'000</b>	<b>3 - 12 months \$'000</b>	<b>1 - 2 years \$'000</b>	<b>2 - 3 years \$'000</b>	<b>More than 3 years \$'000</b>
Payables	58	-	-	-	-	-
Net assets attributable to unitholders	43,379	-	-	-	-	-
<b>Total financial liabilities</b>	<b>43,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Colonial First State Wholesale Global Technology &amp; Communications</b>						
<b>30/06/2008</b>	<b>Less than 1 month \$'000</b>	<b>1 - 3 months \$'000</b>	<b>3 - 12 months \$'000</b>	<b>1 - 2 years \$'000</b>	<b>2 - 3 years \$'000</b>	<b>More than 3 years \$'000</b>
Payables	426	-	-	-	-	-
Net assets attributable to unitholders	29,612	-	-	-	-	-
<b>Total financial liabilities</b>	<b>30,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Colonial First State Wholesale Global Technology &amp; Communications</b>						
<b>30/06/2007</b>	<b>Less than 1 month \$'000</b>	<b>1 - 3 months \$'000</b>	<b>3 - 12 months \$'000</b>	<b>1 - 2 years \$'000</b>	<b>2 - 3 years \$'000</b>	<b>More than 3 years \$'000</b>
Payables	340	-	-	-	-	-
Net assets attributable to unitholders	45,569	-	-	-	-	-
<b>Total financial liabilities</b>	<b>45,909</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Liquidity risk (continued)

##### (ii) Derivatives settled on a gross basis

The table below analyses the Funds' derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period to the contractual maturity date at the year end date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30/06/2008	Colonial First State Wholesale Short Term Australian Bond Fund						
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000	Total \$'000
Interest rate swaps Inflows (Outflows)	5,430 (6,062)	4,189 (4,731)	18,990 (21,448)	232,570 (234,618)	171,729 (171,399)	- -	432,908 (438,258)

30/06/2007	Colonial First State Wholesale Short Term Australian Bond Fund						
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000	Total \$'000
Interest rate swaps Inflows (Outflows)	6,557 (6,557)	5,444 (5,444)	50,130 (50,274)	31,437 (31,437)	238,631 (240,304)	284,716 (285,349)	616,915 (619,365)

#### (e) Fair value estimation

The carrying amounts of the Funds' assets and liabilities at the balance sheet date approximate their fair values.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and listed securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Fund is the last bid price. The quoted market price used for equity securities sold short by certain Funds is the last asking price. Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

Investments in unlisted managed investment schemes are recorded at the redemption value per unit as reported by the Responsible Entity of such funds.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and investments in unlisted securities) is determined using valuation techniques. These Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.



# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 11. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business certain Funds enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of these Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of these Funds against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of these Funds.

Certain Funds hold the following derivative instruments:

#### (a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised market.

#### (b) Options

An option is a contractual agreement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or buy a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held by certain Funds are exchange-traded. These Funds are exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a net basis.

#### (c) Forward currency contracts

Forward currency contracts are primarily used by certain Funds to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. These Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the reporting date. The Funds recognise a gain or loss equal to the change in fair value at the reporting date.

#### (d) Interest Rate Swaps

Interest rate swap contracts are agreements under which the parties exchange one stream of interest for another. They are used to hedge cashflows against unfavourable movements in interest rates. The contracts are for interest rates on notional principal amounts and can cover, for example, fixed interest rate to floating rate, fixed rate and floating rate to fixed rate. The party with the higher interest obligation pays the net amount to the other party. The amount received is considered an offset to the interest on investment or debt hedged. At reporting dates, the differences expected to be paid or received on the maturity of the contracts are marked-to-market with the unrealised gains and losses being recognised in the investment revenue.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

The Funds' derivative financial instruments at year-end are detailed below:

<b>Colonial First State Wholesale Short Term Australian Bond Fund</b>						
	<b>Contract/ Notional</b>	<b>Fair Values</b>		<b>Contract/ Notional</b>	<b>Fair Values</b>	
		<b>Assets</b>	<b>Liabilities</b>		<b>Assets</b>	<b>Liabilities</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
- Interest rate swaps	378,000	2,384	(8,036)	504,500	798	(3,248)
	378,000	2,384	(8,036)	504,500	798	(3,248)

<b>Colonial First State Wholesale Australian Share Fund</b>						
	<b>Contract/ Notional</b>	<b>Fair Values</b>		<b>Contract/ Notional</b>	<b>Fair Values</b>	
		<b>Assets</b>	<b>Liabilities</b>		<b>Assets</b>	<b>Liabilities</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
- Australian share price index futures	52,709	-	(1,422)	58,219	-	(303)
- Exchange traded options	(20,957)	-	(2,907)	-	-	-
	31,752	-	(4,329)	58,219	-	(303)

<b>Colonial First State Wholesale Industrial Share Fund</b>						
	<b>Contract/ Notional</b>	<b>Fair Values</b>		<b>Contract/ Notional</b>	<b>Fair Values</b>	
		<b>Assets</b>	<b>Liabilities</b>		<b>Assets</b>	<b>Liabilities</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
- Australian share price index futures	-	-	-	10,200	-	(98)
	-	-	-	10,200	-	(98)

<b>Colonial First State Wholesale Small Companies Fund - Core</b>						
	<b>Contract/ Notional</b>	<b>Fair Values</b>		<b>Contract/ Notional</b>	<b>Fair Values</b>	
		<b>Assets</b>	<b>Liabilities</b>		<b>Assets</b>	<b>Liabilities</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
- Australian share price index futures	8,179	-	(285)	-	-	-
	8,179	-	(285)	-	-	-

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 12. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2008 the Funds have no contingent liabilities and commitments (2007 - none).

### 13. EVENTS AFTER BALANCE SHEET DATE

Since the reporting date, no significant events have occurred that required reporting (2007 - none).

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2008

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 Wholesale Funds ("the Funds") are in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the Funds' financial positions as at 30 June 2008 and of their performances for the year ended on that date; and
  - ii) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable;

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



Bradley Brian Massey  
Director  
Sydney  
8 September 2008

## Independent auditor's report to the unitholders of Colonial First State Wholesale Funds

### Report on the financial report

We have audited the accompanying financial report of Colonial First State Wholesale Funds (the Funds), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Colonial First State Wholesale Funds.

#### *Directors' responsibility for the financial report*

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

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

**Independent auditor's report to the unitholders of  
Colonial First State Wholesale Funds (continued)**

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*.

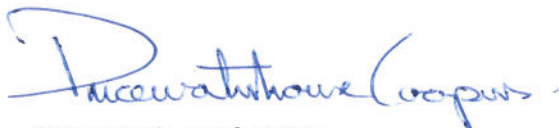
*Auditor's opinion on the financial report*

In our opinion:

- (a) the financial report of Colonial First State Wholesale Funds is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Funds' financial positions as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

*Matters relating to the electronic presentation of the audited financial report*

This auditor's report relates to the financial report of Colonial First State Wholesale Funds (the Funds) for the year ended 30 June 2008 included on Colonial First State Investments Limited's (the responsible entity) web site. The responsible entity's directors are responsible for the integrity of the Colonial First State Investments Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



PricewaterhouseCoopers



AJ Wilson  
Partner

Sydney  
8 September 2008



## Enquiries

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We want what you want

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First State