

# Wholesale Investments

## 2014 Annual Financial Report

### Investments

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





Dear Investor

**Annual Financial Report**

I am pleased to present the reports for the financial year ended 30 June 2014 for Colonial First State Wholesale Australian Share Fund, Colonial First State Wholesale Industrial Share Fund,<sup>1</sup> Colonial First State Wholesale Global Health & Biotechnology Fund and Colonial First State Wholesale Global Technology & Communications Fund.

This statement is the final component of the reporting information for the 2013–2014 financial year.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L Elkins', with a long horizontal flourish extending to the right.

Linda Elkins  
Executive General Manager

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

# **COLONIAL FIRST STATE WHOLESALE FUNDS**

## **FINANCIAL REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

**Responsible Entity of the Funds**

**COLONIAL FIRST STATE INVESTMENTS LIMITED**

**ABN: 98 002 348 352**

**Registered Address:**

Ground Floor Tower 1, 201 Sussex Street  
SYDNEY NSW 2000

# COLONIAL FIRST STATE WHOLESALE FUNDS

**Represented by:**

***ARSN***

Colonial First State Wholesale Australian Share Fund

087 570 214

Colonial First State Wholesale Industrial Share Fund

087 564 118

Colonial First State Wholesale Global Health & Biotechnology Fund

092 203 506

Colonial First State Wholesale Global Technology & Communications Fund

089 743 395

# COLONIAL FIRST STATE WHOLESALE FUNDS

## INDEX

	<b>Page</b>
Directors' Report	1 - 5
Auditor's Independence Declaration	6
Statements of Comprehensive Income	7 - 8
Balance Sheets	9 - 10
Statements of Changes in Equity	11
Cash Flow Statements	12 - 13
Notes to the Financial Statements	14 - 50
Directors' Declaration	51
Independent Audit Report to the Unitholders	52 - 53

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

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

### Reporting Period

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

### Date of Constitutions and Date of Registration of the Funds

The Funds in this Financial Report and their dates of Constitution and Registration with the Australian Securities & Investments Commission (ASIC) are as follows:

Name of Fund	Date of Constitution	Date of Registration
Colonial First State Wholesale Australian Share Fund	11/05/1999	9/06/1999
Colonial First State Wholesale Industrial Share Fund	11/05/1999	9/06/1999
Colonial First State Wholesale Global Health & Biotechnology Fund	22/03/2000	3/04/2000
Colonial First State Wholesale Global Technology & Communications Fund	27/09/1999	7/10/1999

### Principal Activities

The principal activities of the Funds are to invest in accordance with the investment objectives and guidelines as set out in current Information Memorandum and their Constitutions.

Please refer to the current Information Memorandum for more information.

### Rounding of amounts to the nearest thousand dollars

The Funds are registered schemes of a kind referred to in Class Order 98/0100 (as amended) issued by the ASIC 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 the Class Order, unless otherwise indicated.

### Comparatives

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### Review of Operations

#### Income

The results of the operations for the Funds for the current and previous reporting periods are tabled below:

Name of Fund	Operating profit/(loss) Attributable to unitholders	
	Period ended 30/06/2014 \$'000	Period ended 30/06/2013 \$'000
Colonial First State Wholesale Australian Share Fund	208,633	275,893
Colonial First State Wholesale Industrial Share Fund	65,250	127,613
Colonial First State Wholesale Global Health & Biotechnology Fund	9,611	8,303
Colonial First State Wholesale Global Technology & Communications Fund	6,992	6,586

#### Distribution to unitholders

The total amount distributed to unitholders for the current and previous reporting period are as follows:

Name of Fund	Period ended 30/06/2014 \$'000	Period ended 30/06/2013 \$'000
Colonial First State Wholesale Australian Share Fund	73,162	37,442
Colonial First State Wholesale Industrial Share Fund	14,464	14,113
Colonial First State Wholesale Global Health & Biotechnology Fund	-	151
Colonial First State Wholesale Global Technology & Communications Fund	37	101

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

#### Exit Prices

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 2014, together with comparative unit prices as at 30 June 2013:

Name of Fund	30/06/2014 \$	30/06/2013 \$
Colonial First State Wholesale Australian Share Fund	2.0693	1.8532
Colonial First State Wholesale Industrial Share Fund	1.4942	1.3404
Colonial First State Wholesale Global Health & Biotechnology Fund	1.6391	1.2330
Colonial First State Wholesale Global Technology & Communications Fund	1.0379	0.7900

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### Responsible Entity and Directors

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

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

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

\* Alternate director for Annabel Spring.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

### Scheme Information

The Funds are registered managed investment schemes domiciled in Australia and have their principal place of business at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

### Unit Pricing Adjustments Policy

There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and where relevant, transaction costs. When the factors used to calculate the unit price are incorrect an adjustment to the unit price may be required. The Responsible Entity uses a variance of 0.30% (0.05% for a cash investment option) in the unit price before correcting the unit price.

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

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

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

### Significant Changes in the State of Affairs

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### Matters Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the current reporting period that have significantly affected, or may significantly affect:

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

No other matters or circumstances have arisen since the end of the current reporting period that have significantly affected, or may significantly affect:

### Indemnification and Insurance Premiums for Officers and Auditor

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

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

### Likely Developments and Expected Results of Operations

The Funds are expected to continue to operate within the terms of their Constitutions, and will continue to invest in accordance with their investment objectives and guidelines.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

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.

### Fees Paid to and Received by the Responsible Entity or its Associates

Fees paid or payable to the Responsible Entity and its associates out of the Funds' assets during the reporting period are disclosed in the Statements of Comprehensive Income.

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

### Interests in the Funds

The units issued and redeemed in the Funds during the period and the number of units on issue at the end of the financial period are set out in "Changes in Net Assets Attributable to Unitholders" note to the financial statements. The value of the Funds' assets at the end of the financial period are set out in the Balance Sheets.

Any interests in the Funds held by the Responsible Entity or its associates at the end of the reporting period are disclosed in the "Related Parties Disclosure" note to the financial statements.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### Environmental Regulation

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

### Single Financial Report

The Funds are of the kind referred to in Class Order 06/0441 dated 29 June 2006 issued by ASIC 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 in the following page.

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



Linda Elkins  
Director  
Sydney  
27 August 2014



## Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Wholesale Funds for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Colonial First State Wholesale Funds during the year.

A handwritten signature in black ink, appearing to read 'CJ Cummins', is written over a horizontal line.

CJ Cummins  
Partner  
PricewaterhouseCoopers

Sydney  
27 August 2014

## COLONIAL FIRST STATE WHOLESALE FUNDS

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

		Colonial First State Wholesale Australian Share Fund		Colonial First State Wholesale Industrial Share Fund		Colonial First State Wholesale Global Health & Biotechnology Fund	
	Note	1/07/2013 - 30/06/2014	1/07/2012 - 30/06/2013	1/07/2013 - 30/06/2014	1/07/2012 - 30/06/2013	1/07/2013 - 30/06/2014	1/07/2012 - 30/06/2013
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment Income</b>							
Interest income	3	593	777	84	116	11	12
Dividend income		45,260	43,462	18,443	17,958	326	277
Distribution income		3,550	2,126	508	-	-	-
Changes in fair value of financial instruments held for trading		172,077	241,981	51,205	114,438	9,744	8,259
Other income		115	8	4	3	30	-
Net foreign exchange gain/(loss)		-	-	-	-	(59)	36
<b>Total investment income/(loss)</b>		<b>221,595</b>	<b>288,354</b>	<b>70,244</b>	<b>132,515</b>	<b>10,052</b>	<b>8,584</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	11,907	11,172	4,465	4,180	418	263
Custody fees	8(d)	114	107	46	43	12	7
Brokerage costs		941	1,181	483	679	9	8
Other expenses		-	1	-	-	2	3
<b>Total operating expenses</b>		<b>12,962</b>	<b>12,461</b>	<b>4,994</b>	<b>4,902</b>	<b>441</b>	<b>281</b>
<b>Operating profit/(loss) attributable to unitholders</b>		208,633	275,893	65,250	127,613	9,611	8,303
Distributions to unitholders	4	(73,162)	(37,442)	(14,464)	(14,113)	-	(151)
Change in net assets attributable to unitholders from operations	6(a)	(135,471)	(238,451)	(50,786)	(113,500)	(9,611)	(8,152)
<b>Profit/(Loss) for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income for the period		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

		<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</b>	
	<b>Note</b>	<b>1/07/2013 - 30/06/2014</b>	<b>1/07/2012 - 30/06/2013</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Investment Income</b>			
Interest income	3	9	10
Dividend income		358	282
Changes in fair value of financial instruments held for trading		6,968	6,443
Other income		3	66
Net foreign exchange gain/(loss)		6	59
<b>Total investment income/(loss)</b>		<b>7,344</b>	<b>6,860</b>
<b>Expenses</b>			
Responsible Entity's management fees	8(c)	299	230
Custody fees	8(d)	9	7
Brokerage costs		34	31
Other expenses		10	6
<b>Total operating expenses</b>		<b>352</b>	<b>274</b>
<b>Operating profit/(loss) attributable to unitholders</b>			
		6,992	6,586
Distributions to unitholders	4	(37)	(101)
Change in net assets attributable to unitholders from operations	6(a)	(6,955)	(6,485)
<b>Profit/(Loss) for the period</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**BALANCE SHEETS  
AS AT 30 JUNE 2014**

		Colonial First State Wholesale Australian Share Fund		Colonial First State Wholesale Industrial Share Fund		Colonial First State Wholesale Global Health & Biotechnology Fund	
	Note	30/06/2014	30/06/2013	30/06/2014	30/06/2013	30/06/2014	30/06/2013
<b>Assets</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents		43,383	17,427	1,612	3,120	1,644	657
Trade and other receivables:							
- outstanding sales settlement		2,255	17,227	-	166	53	236
- application monies		18	-	-	-	5	-
- dividends		9,443	10,047	4,099	4,256	17	19
- interests		78	8	5	-	1	-
- others		368	356	136	139	15	10
Responsible Entity fee rebate		-	-	-	-	-	-
Financial assets held for trading	5	1,183,166	1,125,740	451,030	438,865	38,533	27,989
<b>Total assets</b>		<b>1,238,711</b>	<b>1,170,805</b>	<b>456,882</b>	<b>446,546</b>	<b>40,268</b>	<b>28,911</b>
<b>Liabilities</b>							
Bank overdraft		89	-	-	-	-	6
Trade and other payables:							
- outstanding purchase settlements		6,353	1	-	211	26	-
- redemptions		813	-	-	-	15	-
- others		-	-	-	1	1	-
Distribution payable		3,223	821	4	3	-	6
Responsible Entity - fee	8(c)	1,069	1,007	394	384	41	29
Financial liabilities held for trading	5	94	-	-	-	7	26
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>11,641</b>	<b>1,829</b>	<b>398</b>	<b>599</b>	<b>90</b>	<b>67</b>
<b>Net assets attributable to unitholders - liability</b>		<b>1,227,070</b>	<b>1,168,976</b>	<b>456,484</b>	<b>445,947</b>	<b>40,178</b>	<b>28,844</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		1,225,927	1,167,723	455,980	445,322	40,104	28,801
Adjustments arising from different unit pricing and AIFRS valuation principles		(1,165)	(867)	(378)	(256)	(12)	(11)
Buy and sell spread		2,352	2,340	891	892	80	58
Adjustment to period end accruals		(44)	(220)	(9)	(11)	6	(4)
<b>Net assets attributable to unitholders</b>		<b>1,227,070</b>	<b>1,168,976</b>	<b>456,484</b>	<b>445,947</b>	<b>40,178</b>	<b>28,844</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 2014**

		<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</b>	
	<b>Note</b>	<b>30/06/2014</b>	<b>30/06/2013</b>
<b>Assets</b>		<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents		1,063	558
Trade and other receivables:			
- outstanding sales settlement		45	364
- application monies		11	-
- dividends		11	18
- interests		1	1
- others		10	8
Financial assets held for trading	5	24,505	22,994
<b>Total assets</b>		<b>25,646</b>	<b>23,943</b>
<b>Liabilities</b>			
Bank overdraft		-	1
Trade and other payables:			
- outstanding purchase settlements		-	254
- redemptions		5	-
- others		-	2
Distribution payable		2	5
Responsible Entity - fee	8(c)	26	24
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>33</b>	<b>286</b>
<b>Net assets attributable to unitholders - liability</b>		<b>25,613</b>	<b>23,657</b>
<b>Represented by:</b>			
Fair value of outstanding units based on redemption value		25,616	23,622
Adjustments arising from different unit pricing and AIFRS valuation principles		(56)	(12)
Buy and sell spread		51	47
Adjustment to period end accruals		2	-
<b>Net assets attributable to unitholders</b>		<b>25,613</b>	<b>23,657</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 REPORTING PERIOD ENDED 30 JUNE 2014**

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

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

	Colonial First State Wholesale Australian Share Fund		Colonial First State Wholesale Industrial Share Fund		Colonial First State Wholesale Global Health & Biotechnology Fund	
Note	1/07/2013 - 30/06/2014 \$'000	1/07/2012 - 30/06/2013 \$'000	1/07/2013 - 30/06/2014 \$'000	1/07/2012 - 30/06/2013 \$'000	1/07/2013 - 30/06/2014 \$'000	1/07/2012 - 30/06/2013 \$'000
<b>Cash flows from operating activities</b>						
Proceeds from sale of financial instruments held for trading	555,550	631,421	294,430	360,512	12,560	8,604
Payments for purchase of financial instruments held for trading	(408,702)	(493,449)	(254,101)	(307,449)	(13,227)	(8,078)
Interest received	526	830	79	124	11	13
Dividends received	38,635	27,408	17,774	13,848	328	274
Responsible Entity fee received/ (paid)	(11,857)	(10,737)	(4,451)	(3,992)	(412)	(252)
Payment for brokerage costs	(941)	(1,181)	(483)	(679)	(9)	(8)
Others	1	(320)	(45)	(119)	16	(15)
<b>Net cash (used in)/from operating activities</b>	<b>173,212</b>	<b>153,972</b>	<b>53,203</b>	<b>62,245</b>	<b>(733)</b>	<b>538</b>
<b>Cash flows from financing activities</b>						
Receipts from issue of units	22,622	23,996	1,310	104,433	11,672	2,275
Payment for redemption of units	(166,675)	(184,461)	(56,007)	(167,183)	(9,938)	(2,896)
Distributions paid	(3,292)	(2,978)	(14)	(13)	(6)	-
<b>Net cash (used in)/from financing activities</b>	<b>(147,345)</b>	<b>(163,443)</b>	<b>(54,711)</b>	<b>(62,763)</b>	<b>1,728</b>	<b>(621)</b>
<b>Net movement in cash and cash equivalents</b>	<b>25,867</b>	<b>(9,471)</b>	<b>(1,508)</b>	<b>(518)</b>	<b>995</b>	<b>(83)</b>
Effects of exchange rate changes	-	-	-	-	(2)	14
Add opening cash and cash equivalents brought forward	17,427	26,898	3,120	3,638	651	726
<b>Closing cash and cash equivalents carried forward</b>	<b>43,294</b>	<b>17,427</b>	<b>1,612</b>	<b>3,120</b>	<b>1,644</b>	<b>657</b>

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

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

	<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</b>	
<b>Note</b>	<b>1/07/2013 - 30/06/2014 \$'000</b>	<b>1/07/2012 - 30/06/2013 \$'000</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments held for trading	48,021	31,108
Payments for purchase of financial instruments held for trading	(42,491)	(29,631)
Interest received	9	10
Dividends received	365	276
Responsible Entity fee received/ (paid)	(299)	(221)
Payment for brokerage costs	(34)	(31)
Others	(17)	50
<b>Net cash (used in)/from operating activities</b> 7(a)	<b>5,554</b>	<b>1,561</b>
<b>Cash flows from financing activities</b>		
Receipts from issue of units	2,274	1,300
Payment for redemption of units	(7,314)	(3,232)
Distributions paid	(5)	-
<b>Net cash (used in)/from financing activities</b>	<b>(5,045)</b>	<b>(1,932)</b>
<b>Net movement in cash and cash equivalents</b>	<b>509</b>	<b>(371)</b>
Effects of exchange rate changes	(3)	11
Add opening cash and cash equivalents brought forward	558	918
<b>Closing cash and cash equivalents carried forward</b>	<b>1,064</b>	<b>558</b>

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

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### (a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the Corporations Act 2001 in Australia. The Funds are for-profit unit trusts for the purpose of preparing these financial statements.

The financial statements are 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 do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Funds manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

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

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

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

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

The Funds are registered schemes 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.

#### (i) Compliance with International Financial Reporting Standards

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

#### (a) Basis of Preparation (continued)

#### (ii) New and Amended Standards adopted by the Funds

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

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

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

#### ***Changes in Accounting policy: Investments in controlled entities***

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

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

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

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

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

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

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

#### (a) Basis of Preparation (continued)

#### (ii) New and Amended Standards adopted by the Funds

##### *Changes in Accounting Policy - Fair value measurement*

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

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

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

##### *Changes in Accounting Policy - Offsetting arrangements*

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

##### *Changes in Accounting Policy - Structured entities*

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

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

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

##### (i) Classification

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

##### (ii) Recognition/Derecognition

The Funds recognise financial assets and financial liabilities on the date they become 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.

##### (iii) Measurement

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

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

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

Convertible notes have been recognised as fixed interest securities in the Balance Sheets. 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 Funds' Responsible Entity.

Gains or losses on investments held for trading are recognised in the Statements of Comprehensive Income.

Investments of the Funds which are considered to be held for trading are equity securities, fixed interest and money market securities, derivatives and investments in Managed Investment Schemes.

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

#### (c) 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:

##### (i) Distribution or Dividend Income

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

##### (ii) Interest Income

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

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

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

#### (d) 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 bank 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.

#### (e) Trade and Other Receivables

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

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

#### (f) Trade and Other Payables

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

#### (g) 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.

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

#### (h) Distributions to Unitholders

In accordance with the Funds' Constitutions, the Funds fully distribute their distributable income to unitholders. Distributions are payable at the end of each distribution period. 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.

#### (i) Net Assets Attributable to Unitholders

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

#### (j) Terms and Conditions on Units

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

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

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

#### (k) Applications and Redemptions

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

#### (l) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the 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.

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

#### (m) Expense Recognition

Expenses are recognised in the Statements of Comprehensive Income 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 Statements of Comprehensive Income if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheets.

#### (n) Use of Estimates

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. 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.

The Funds invest in managed investment schemes which are also managed by the Responsible Entity. For the majority of the financial instruments of these managed investment schemes, 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.

#### (o) Unit Prices

Unit prices are determined in accordance with the Funds' Constitution and are calculated as the net assets attributable to unitholders, 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.

#### (p) Investment Entity

The Funds have determined that they are an investment entity under the definition in AASB 10 as they meet the following criteria:

- (a) the Funds have obtained funds from unitholders for the purpose of providing them with investment management services
- (b) the Funds' business purpose, which it communicated directly to unitholders, is investing solely for returns from capital appreciation and investment income; and
- (c) the performance of investments made by the Funds are measured and evaluated on a fair value basis.

The Funds also meet all of the typical characteristics of an investment entity.

Certain Funds have multiple investments which are controlled by it. As a consequence, the Funds do not consolidate these investments, but accounts for them at fair value through profit or loss.

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

#### (q) Transactions in Foreign Currencies

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.

Items included in the Funds' 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 compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

The Funds do not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit and loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit and loss.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Funds. The directors' assessment of the impact of these new standards (to the extent relevant to the fund) and interpretations is set out below:

- AASB 9 Financial Instruments (2009 or 2010 version), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2017 but is available for early adoption.

The directors do not expect this to have a significant impact on the recognition and measurement of the Funds' financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Funds do not apply hedge accounting.

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

#### (s) Derivatives and Hedging Activities

Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument. The Responsible Entity designated those derivatives as the only hedging instruments to hedge the foreign exchange fluctuation of the fair value of the recognised assets, the hedged items. For this purpose, the derivatives are forward currency contracts.

The Responsible Entity documents at the inception of the Fair Value Hedge, the relationship between hedging instruments and hedged items, as well as their financial risk management objective and strategy for undertaking Fair Value Hedge Accounting. On an ongoing basis the Responsible Entity documents their assessments, of whether the hedging instruments that are used in Fair Value Hedge have been and will continue to be highly effective in offsetting changes in the foreign exchange portion that is attributable to the fair value of the hedged items.

Derivatives that are assessed to be highly effective will qualify for Hedge Accounting.

### 2. AUDITOR'S REMUNERATION

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

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

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 3. INTEREST INCOME

Interest income of the Funds is derived mainly from interest earned on bank accounts.

### 4. DISTRIBUTIONS TO UNITHOLDERS

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheets represent the components of the distributions for the reporting period which had not been paid at balance date.

#### Quarterly and half-yearly distributing Funds:

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

Colonial First State Wholesale Australian Share Fund				
Distribution Periods ended:	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	cpu	\$'000	cpu	\$'000
- 30 September	1.80	10,963	1.80	12,191
- 31 December	2.10	12,565	1.30	8,521
- 31 March	1.30	7,637	1.10	7,038
- 30 June	7.32	41,997	1.55	9,692
<b>Distributions to unitholders</b>		<b>73,162</b>		<b>37,442</b>

Colonial First State Wholesale Industrial Share Fund				
Period ended:	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	cpu	\$'000	cpu	\$'000
- 30 September	1.30	4,155	1.30	4,681
- 31 December	1.60	4,989	1.30	4,581
- 31 March	0.60	1,898	0.60	2,012
- 30 June	1.13	3,422	0.86	2,839
<b>Distributions to unitholders</b>		<b>14,464</b>		<b>14,113</b>

Colonial First State Wholesale Global Health & Biotechnology Fund				
Period ended:	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	cpu	\$'000	cpu	\$'000
- 31 December	-	-	-	-
- 30 June	-	-	0.65	151
<b>Distributions to unitholders</b>		<b>-</b>		<b>151</b>

Colonial First State Wholesale Global Technology & Communications Fund				
Period ended:	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	cpu	\$'000	cpu	\$'000
- 31 December	-	-	-	-
- 30 June	0.15	37	0.34	101
<b>Distributions to unitholders</b>		<b>37</b>		<b>101</b>

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 5. FINANCIAL ASSETS HELD FOR TRADING

#### (a) Fair Value Measurements

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

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

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

#### (b) Fair Value Hierarchy

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

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

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

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

The Funds value their investments in accordance with policies set out in Note 1 to the Financial Statements. For the majority of these investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

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

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 5. FINANCIAL ASSETS HELD FOR TRADING (continued)

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

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

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

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

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

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

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

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

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

**5. FINANCIAL ASSETS HELD FOR TRADING (continued)**

**(c) Recognised Fair Value Measurements**

The following tables presents the Funds' assets and liabilities measured and recognised at fair value as at the end of the reporting periods.

<b>Colonial First State Wholesale Australian Share Fund</b>				
<b>30/06/2014</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets Held for Trading:</b>				
Listed Equities	1,089,391	1,089,391	-	-
Managed Investment Schemes	52,426	-	52,426	-
Derivatives	41,349	-	41,349	-
<b>Total Assets Held for Trading</b>	<b>1,183,166</b>	<b>1,089,391</b>	<b>93,775</b>	<b>-</b>
<b>Financial Liabilities Held for Trading:</b>				
Derivatives	(94)	(94)	-	-
<b>Total Liabilities Held for Trading</b>	<b>(94)</b>	<b>(94)</b>	<b>-</b>	<b>-</b>
<b>30/06/2013</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets Held for Trading:</b>				
Listed Equities	1,038,678	1,038,678	-	-
Managed Investment Schemes	55,669	55,669	-	-
Derivatives	31,393	134	31,259	-
<b>Total Assets Held for Trading</b>	<b>1,125,740</b>	<b>1,094,481</b>	<b>31,259</b>	<b>-</b>
<b>Financial Liabilities Held for Trading:</b>				
Derivatives	-	-	-	-
<b>Total Liabilities Held for Trading</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

**5. FINANCIAL ASSETS HELD FOR TRADING (continued)**

**(c) Recognised Fair Value Measurements (continued)**

<b>Colonial First State Wholesale Industrial Share Fund</b>				
<b>30/06/2014</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets Held for Trading:</b>				
Listed Equities	425,390	425,390	-	-
Managed Investment Schemes	11,458	-	11,458	-
Derivatives	14,182	-	14,182	-
<b>Total Assets Held for Trading</b>	<b>451,030</b>	<b>425,390</b>	<b>25,640</b>	<b>-</b>
<b>30/06/2013</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets Held for Trading:</b>				
Listed Equities	438,196	438,196	-	-
Listed Property Trusts	669	669	-	-
<b>Total Assets Held for Trading</b>	<b>438,865</b>	<b>438,865</b>	<b>-</b>	<b>-</b>

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>				
<b>30/06/2014</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets Held for Trading:</b>				
Listed Equities	38,531	38,274	257	-
Derivatives	2	-	2	-
<b>Total Assets Held for Trading</b>	<b>38,533</b>	<b>38,274</b>	<b>259</b>	<b>-</b>
<b>Financial Liabilities Held for Trading:</b>				
Derivatives	(7)	-	(7)	-
<b>Total Liabilities Held for Trading</b>	<b>(7)</b>	<b>-</b>	<b>(7)</b>	<b>-</b>
<b>30/06/2013</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets Held for Trading:</b>				
Listed Equities	27,911	27,911	-	-
Derivatives	78	-	78	-
<b>Total Assets Held for Trading</b>	<b>27,989</b>	<b>27,911</b>	<b>78</b>	<b>-</b>
<b>Financial Liabilities Held for Trading:</b>				
Derivatives	(26)	-	(26)	-
<b>Total Liabilities Held for Trading</b>	<b>(26)</b>	<b>-</b>	<b>(26)</b>	<b>-</b>

## COLONIAL FIRST STATE WHOLESALE FUNDS

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

#### 5. FINANCIAL ASSETS HELD FOR TRADING (continued)

##### (c) Recognised Fair Value Measurements (continued)

Colonial First State Wholesale Global Technology & Communications Fund				
30/06/2014	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	24,505	24,505	-	-
<b>Total Assets Held for Trading</b>	<b>24,505</b>	<b>24,505</b>	<b>-</b>	<b>-</b>
30/06/2013	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	22,994	22,911	83	-
<b>Total Assets Held for Trading</b>	<b>22,994</b>	<b>22,911</b>	<b>83</b>	<b>-</b>

##### (d) Transfers between Levels

Investments within managed investment schemes were previously classified as Level 1 in 2013 and were re-assessed and moved to Level 2 in 2014. These managed investment schemes are priced based on the quoted prices of the underlying investments that they they hold, however, the overall price of the management investment scheme itself are not quoted in the market. There has been no material change to the underlying nature of these funds.

There were no material transfers between Levels for other investments by the Funds during the current and previous reporting periods.

## COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

As stipulated within the 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 Funds.

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

Colonial First State Wholesale Australian Share Fund				
	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	No.'000	\$'000	No.'000	\$'000
Opening balance	630,112	1,168,976	703,570	1,056,840
Applications	10,960	22,640	13,065	23,996
Redemptions	(81,453)	(167,486)	(106,010)	(184,461)
Units issued upon reinvestment of distributions	32,817	67,469	19,487	34,150
Change in net assets attributable to unitholders from operations		135,471		238,451
<b>Closing Balance</b>	<b>592,436</b>	<b>1,227,070</b>	<b>630,112</b>	<b>1,168,976</b>

Colonial First State Wholesale Industrial Share Fund				
	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	No.'000	\$'000	No.'000	\$'000
Opening balance	332,229	445,947	370,671	381,096
Applications	896	1,310	88,340	104,433
Redemptions	(37,930)	(56,008)	(138,375)	(167,182)
Units issued upon reinvestment of distributions	9,970	14,449	11,593	14,100
Change in net assets attributable to unitholders from operations		50,786		113,500
<b>Closing Balance</b>	<b>305,165</b>	<b>456,484</b>	<b>332,229</b>	<b>445,947</b>

Colonial First State Wholesale Global Health & Biotechnology Fund				
	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	No.'000	\$'000	No.'000	\$'000
Opening balance	23,358	28,844	23,916	21,168
Applications	7,537	11,677	2,281	2,275
Redemptions	(6,429)	(9,954)	(2,956)	(2,896)
Units issued upon reinvestment of distributions	-	-	117	145
Change in net assets attributable to unitholders from operations		9,611		8,152
<b>Closing Balance</b>	<b>24,466</b>	<b>40,178</b>	<b>23,358</b>	<b>28,844</b>

## COLONIAL FIRST STATE WHOLESALE FUNDS

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

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

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

Colonial First State Wholesale Global Technology & Communications Fund				
	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	No.'000	\$'000	No.'000	\$'000
Opening balance	29,902	23,657	32,847	19,009
Applications	2,398	2,285	2,023	1,299
Redemptions	(7,653)	(7,319)	(5,090)	(3,232)
Units issued upon reinvestment of distributions	33	35	122	96
Change in net assets attributable to unitholders from operations		6,955		6,485
<b>Closing Balance</b>	<b>24,680</b>	<b>25,613</b>	<b>29,902</b>	<b>23,657</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 financial assets classified as Level 1 in the "Financial Assets Held for Trading" note to the financial statements.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

**7. CASH AND CASH EQUIVALENTS**

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

<b>Colonial First State Wholesale Australian Share Fund</b>		
	<b>1/07/2013 - 30/06/2014 \$'000</b>	<b>1/07/2012 - 30/06/2013 \$'000</b>
Net profit/(loss) attributable to unitholders	208,633	275,893
Proceeds from sale of financial instruments held for trading	555,550	631,421
Payments for purchase of financial instruments held for trading	(408,702)	(493,449)
Changes in fair value of financial instruments held for trading	(172,077)	(241,981)
Distribution or Dividend income reinvested	(10,779)	(16,913)
Change in receivables and other assets	525	(1,096)
Change in payables and other liabilities	62	94
<b>Net Cash From/(Used In) Operating Activities</b>	<b>173,212</b>	<b>153,969</b>

<b>Colonial First State Wholesale Industrial Share Fund</b>		
	<b>1/07/2013 - 30/06/2014 \$'000</b>	<b>1/07/2012 - 30/06/2013 \$'000</b>
Net profit/(loss) attributable to unitholders	65,250	127,613
Proceeds from sale of financial instruments held for trading	294,430	360,512
Payments for purchase of financial instruments held for trading	(254,101)	(307,449)
Changes in fair value of financial instruments held for trading	(51,205)	(114,438)
Distribution or Dividend income reinvested	(1,335)	(4,430)
Change in receivables and other assets	154	383
Change in payables and other liabilities	10	54
<b>Net Cash From/(Used In) Operating Activities</b>	<b>53,203</b>	<b>62,245</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

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

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

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>		
	<b>1/07/2013 - 30/06/2014 \$'000</b>	<b>1/07/2012 - 30/06/2013 \$'000</b>
Net profit/(loss) attributable to unitholders	9,611	8,303
Proceeds from sale of financial instruments held for trading	12,560	8,604
Payments for purchase of financial instruments held for trading	(13,227)	(8,078)
Changes in fair value of financial instruments held for trading	(9,744)	(8,259)
Distribution or Dividend income reinvested	-	-
Net foreign exchange gain/(loss)	59	(36)
Change in receivables and other assets	(3)	(4)
Change in payables and other liabilities	11	8
<b>Net Cash From/(Used In) Operating Activities</b>	<b>(733)</b>	<b>538</b>

<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</b>		
	<b>1/07/2013 - 30/06/2014 \$'000</b>	<b>1/07/2012 - 30/06/2013 \$'000</b>
Net profit/(loss) attributable to unitholders	6,992	6,586
Proceeds from sale of financial instruments held for trading	48,021	31,108
Payments for purchase of financial instruments held for trading	(42,491)	(29,631)
Changes in fair value of financial instruments held for trading	(6,968)	(6,443)
Distribution or Dividend income reinvested	-	-
Net foreign exchange gain/(loss)	(6)	(59)
Change in receivables and other assets	4	(5)
Change in payables and other liabilities	2	5
<b>Net Cash From/(Used In) Operating Activities</b>	<b>5,554</b>	<b>1,561</b>

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 7. CASH AND CASH EQUIVALENTS (continued)

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

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

#### (c) Terms and Conditions on Cash

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

#### (d) Derivative Cash Accounts

Included in the cash and cash equivalents are derivative cash accounts which comprise of cash held as collateral for derivative transactions.

The balance of the derivative cash accounts at the end of the reporting periods were are as follows:

Name of Fund:	30/06/2014 \$'000	30/06/2013 \$'000
Colonial First State Wholesale Australian Share Fund	1,200	1,194
Colonial First State Wholesale Industrial Share Fund	-	-
Colonial First State Wholesale Global Health & Biotechnology Fund	-	-
Colonial First State Wholesale Global Technology & Communications Fund	-	-

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 8. RELATED PARTIES DISCLOSURES

#### (a) Responsible Entity

The Responsible Entity of the 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 Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

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

##### (i) Key Management Personnel

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

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

\* Alternate director for Annabel Spring.

##### (ii) Compensation of Key Management Personnel

No amounts are paid by the 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 Funds to the Directors as Key Management Personnel.

## COLONIAL FIRST STATE WHOLESALE FUNDS

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

#### 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 fees are calculated after rebating fees charged in the underlying funds. As a consequence, the amounts shown in the Statements of Comprehensive Income reflect only the amount of fees charged directly to the respective Funds.

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

Name of Fund:	1/07/2013 - 30/06/2014 Management Fees %	1/07/2012 - 30/06/2013 Management Fees %
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 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 the Good and Services Tax ("GST") as compared to 75% for domestic investing Funds.

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

Name of Fund:	1/07/2013 - 30/06/2014 \$	1/07/2012 - 30/06/2013 \$
Colonial First State Wholesale Australian Share Fund	11,907,033	11,171,890
Colonial First State Wholesale Industrial Share Fund	4,464,716	4,180,162
Colonial First State Wholesale Global Health & Biotechnology Fund	418,327	262,887
Colonial First State Wholesale Global Technology & Communications Fund	299,374	229,794

Fees due to/(refund from) the Responsible Entity as at the end of the reporting periods are as follows:

Name of Fund:	1/07/2013 - 30/06/2014 \$	1/07/2012 - 30/06/2013 \$
Colonial First State Wholesale Australian Share Fund	1,068,769	1,006,874
Colonial First State Wholesale Industrial Share Fund	394,460	383,919
Colonial First State Wholesale Global Health & Biotechnology Fund	40,744	29,297
Colonial First State Wholesale Global Technology & Communications Fund	26,316	24,169

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (d) Custody Fees

The Responsible Entity is responsible for paying the custody fees on behalf of the Funds. The amount paid is based on the overall arrangement in place with the custodian. The Responsible Entity recharges the custody fees to the Funds. The amount recharged is disclosed as "Custody Fees" in the "Statements of Comprehensive Income".

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

#### (e) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Funds may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis. Various short term money market, fixed interest securities and foreign currency transactions are from time to time transacted through the Commonwealth Bank of Australia which receives a fee which is negotiated on an arm's length basis.

#### (f) Units Held by Related Parties

Other Funds managed by the Responsible Entity or its affiliates may from time to time purchase or redeem units in the 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 are tabled below:

Name of Fund:	30/06/2014 Number of Units No.'000	30/06/2013 Number of Units No.'000
Colonial First State Wholesale Australian Share Fund	465,999	493,986
Colonial First State Wholesale Industrial Share Fund	304,041	331,132
Colonial First State Wholesale Global Health & Biotechnology Fund	18,567	19,466
Colonial First State Wholesale Global Technology & Communications Fund	22,694	24,507

#### (g) Related Party Transactions

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

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

#### (i) Terms and Conditions of Transactions with Related Parties

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

#### (ii) Guarantees

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 REPORTING PERIOD ENDED 30 JUNE 2014

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (h) Investing Activities

#### (i) Related Managed Investment Schemes

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

Investment Name	Units Held At The End of the Period No.'000	Value of Investment At Period End \$'000	Interest held in Investment at Period End %	Units Acquired During the Period No.'000	Units Disposed During the Period No.'000	Distribution Received \$'000
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#### Colonial First State Wholesale Australian Share Fund

Units held in:

##### Colonial First State Global Asset Management Equity Trust 5

- 2014	51,252	52,426	19.40	3,450	12,992	3,550
- 2013	60,794	55,669	21.53	2,194	-	2,126

#### Colonial First State Wholesale Industrial Share Fund

Units held in:

##### Colonial First State Global Asset Management Equity Trust 5

- 2014	11,201	11,458	4.24	11,201	-	508
- 2013	-	-	-	-	-	-

#### (ii) Related Listed Securities

The following Funds invest in listed securities issued by the Bank and its related parties as follows:

Investment Name	Shares Held At The End of the Period No.'000	Value of Investment At Period End \$'000	Interest held in Investment at Period End %	Shares Acquired During the Period No.'000	Shares Disposed During the Period No.'000	Distribution Received \$'000
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#### Colonial First State Wholesale Australian Share Fund

Commonwealth Bank of Australia

- 2014	920	74,396	0.06	58	97	3,533
- 2013	959	66,347	0.06	74	95	3,197

#### Colonial First State Wholesale Industrial Share Fund

Commonwealth Bank of Australia

- 2014	536	43,374	0.03	155	221	2,148
- 2013	602	41,627	0.04	266	226	1,748

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

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

**(h) Investing Activities (continued)**

**(iii) Other related Financial Instruments**

The following Fund has certain financial instruments issued by the Bank and its associates.

**Colonial First State Wholesale Global Health & Biotechnology Fund**

**Commonwealth Bank of Australia**

Currency Contracts:

Market Value

2014 \$'000	2013 \$'000
( 5 )	-

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT

Investing activities of the Funds may expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

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

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

#### (a) Market Risk

##### (i) Price Risk

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

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

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements, summarises the impact of an increase/decrease of the Australian and global indexes on the Funds' net assets attributable to unitholders at the end of the reporting periods. The analysis is based on the assumptions that the relevant indexes increased or decreased as tabled with all other variables held constant and that the fair value of the Funds which have indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. Any Funds which invest in various asset classes, such as a multi-sector Fund, will have a weighted average movement calculated based on the proportion of their investments in those classes.

##### (ii) Foreign Exchange Risk

The Funds may 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 not foreign exchange 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.

The Funds may 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.

Where the Funds have invested in derivative instruments, the Investment Review Services Department of the Responsible Entity regularly monitors these hedging activities.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

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

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

**(ii) Foreign Exchange Risk**

The tables below summarises the Funds' assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar.

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>					
	<b>United States Dollar</b>	<b>Japanese Yen</b>	<b>European Euro</b>	<b>UK Pound Sterling</b>	<b>Others</b>
<b>30/06/2014</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	1,145	-	-	-	-
Receivables	69	-	-	1	-
Financial assets held for trading	36,321	1,261	582	367	-
Payables	( 26)	-	-	-	-
	<b>37,509</b>	<b>1,261</b>	<b>582</b>	<b>368</b>	<b>-</b>
Net increase/decrease in exposure from:					
- foreign currency contract	606	( 611)	-	-	-
	<b>38,115</b>	<b>650</b>	<b>582</b>	<b>368</b>	<b>-</b>
	<b>United States Dollar</b>	<b>Japanese Yen</b>	<b>European Euro</b>	<b>Uk Pound Sterling</b>	<b>Others</b>
<b>30/06/2013</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	320	-	-	-	1
Receivables	249	4	-	1	-
Financial assets held for trading	25,960	1,355	389	132	75
Bank overdraft	-	( 6)	-	-	-
	<b>26,529</b>	<b>1,353</b>	<b>389</b>	<b>133</b>	<b>76</b>
Net increase/decrease in exposure from:					
- foreign currency contract	699	( 647)	-	-	-
	<b>27,228</b>	<b>706</b>	<b>389</b>	<b>133</b>	<b>76</b>

## COLONIAL FIRST STATE WHOLESALE FUNDS

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

#### 9. FINANCIAL RISK MANAGEMENT (continued)

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

##### (ii) Foreign Exchange Risk (continued)

Colonial First State Wholesale Global Technology & Communications Fund					
	United States Dollar	European Euro	Japanese Yen	Canadian Dollar	Others
30/06/2014	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
Cash and cash equivalents	707	-	-	-	1
Receivables	50	-	-	6	-
Financial assets held for trading	18,706	1,080	964	698	3,058
	<b>19,463</b>	<b>1,080</b>	<b>964</b>	<b>704</b>	<b>3,059</b>
	United States Dollar	Japanese Yen	Taiwan Dollar	Indian Rupee	Others
30/06/2013	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
Cash and cash equivalents	202	-	-	-	-
Receivables	373	1	7	1	-
Financial assets held for trading	20,311	894	335	289	1,166
Payables	( 250)	-	( 5)	-	-
Bank overdraft	-	( 1)	-	-	-
	<b>20,636</b>	<b>894</b>	<b>337</b>	<b>290</b>	<b>1,166</b>

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements, summarises the sensitivities of the Funds' monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar strengthened/weakened by a pre-determined percentage as disclosed in the table for the reporting periods against each of the other currencies to which the Fund is exposed.

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

##### (iii) Interest Rate Risk

The exposure to interest rate risk of the Funds that contained in this Financial Report is limited to its cash and cash equivalents or bank overdraft, which earns/(charged) a floating rate of interest.

#### (b) Summarised Sensitivity Analysis

The following tables summarise 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 or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Certain Funds may not be subject to all these risks and are denoted with "-" in the tables below.

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					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-22.86% \$'000	22.86% \$'000
30/06/2014	( 217)	217	-	-	( 270,404)	270,404
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-22.64% \$'000	22.64% \$'000
30/06/2013	( 87)	87	-	-	( 247,802)	247,802

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					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-23.37% \$'000	23.37% \$'000
30/06/2014	( 8)	8	-	-	( 105,384)	105,384
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-23.93% \$'000	23.93% \$'000
30/06/2013	( 16)	16	-	-	( 105,028)	105,028

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

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

**(b) Summarised Sensitivity Analysis (continued)**

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</b>						
	<b>Interest rate risk</b>		<b>Foreign exchange risk</b>		<b>Price risk</b>	
	<b>Impact on operating profit/(loss) and net assets attributable to unitholders</b>					
	<b>-50 basis points \$'000</b>	<b>50 basis points \$'000</b>	<b>-10.00% \$'000</b>	<b>10.00% \$'000</b>	<b>-22.00% \$'000</b>	<b>22.00% \$'000</b>
<b>30/06/2014</b>	( 8 )	8	( 119 )	119	( 8,477 )	8,477
<b>30/06/2013</b>	<b>-50 basis points \$'000</b>	<b>50 basis points \$'000</b>	<b>-10.00% \$'000</b>	<b>10.00% \$'000</b>	<b>-22.00% \$'000</b>	<b>22.00% \$'000</b>
	( 3 )	3	( 57 )	57	( 6,140 )	6,140

<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</b>						
	<b>Interest rate risk</b>		<b>Foreign exchange risk</b>		<b>Price risk</b>	
	<b>Impact on operating profit/(loss) and net assets attributable to unitholders</b>					
	<b>-50 basis points \$'000</b>	<b>50 basis points \$'000</b>	<b>-10.00% \$'000</b>	<b>10.00% \$'000</b>	<b>-22.00% \$'000</b>	<b>22.00% \$'000</b>
<b>30/06/2014</b>	( 5 )	5	( 76 )	76	( 5,391 )	5,391
<b>30/06/2013</b>	<b>-50 basis points \$'000</b>	<b>50 basis points \$'000</b>	<b>-10.00% \$'000</b>	<b>10.00% \$'000</b>	<b>-22.00% \$'000</b>	<b>22.00% \$'000</b>
	( 3 )	3	( 33 )	33	( 5,059 )	5,059

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Credit risk

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a high credit rating. The Funds' investments in managed investment schemes are subject to credit risk at the point in time it renders its investment. However, as the Responsible Entity of the Funds are the same as the underlying investment, the credit risk is deemed to be insignificant.

#### (d) Liquidity risk

The Funds are exposed to daily cash redemptions of redeemable units. They therefore primarily hold 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, the Funds may not be able to quickly liquidate their 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. Investments with a higher liquidity risk have been disclosed under "Level 3" in the "Fair Value Hierarchy Of Financial Assets And Liabilities" note to the financial statements.

The Funds' financial liabilities, excluding derivative financial liabilities, comprise trade and other payables and are contractually due within 30 days.

The table below analyses the Funds' derivative financial instruments 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 gross cash flows expected to be paid or received, determined by reference to the conditions existing at the reporting period end date. The contractual amounts can be settled on a gross or net basis.

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	Total \$'000
<b>30/06/2014</b>							
Derivatives:							
Inflows	-	-	-	-	-	-	-
(Outflows)	-	(94)	-	-	-	-	(94)
<b>30/06/2013</b>							
Derivatives:							
Inflows	-	134	-	-	-	-	134
(Outflows)	-	-	-	-	-	-	-

**COLONIAL FIRST STATE WHOLESALE FUNDS**

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

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

**(d) Liquidity risk**

<b>Colonial First State Wholesale Global Health &amp; Biotechnology Fund</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>	<b>Total \$'000</b>
<b>30/06/2014</b>							
Derivatives:							
Inflows	-	602	-	-	-	-	602
(Outflows)	-	(607)	-	-	-	-	(607)
<b>30/06/2013</b>							
Derivatives:							
Inflows	1,156	-	649	-	-	-	1,805
(Outflows)	(1,114)	-	(639)	-	-	-	(1,753)

<b>Colonial First State Wholesale Global Technology &amp; Communications Fund</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>	<b>Total \$'000</b>
<b>30/06/2014</b>							
Derivatives:							
Inflows	-	-	-	-	-	-	-
(Outflows)	-	-	-	-	-	-	-
<b>30/06/2013</b>							
Derivatives:							
Inflows	-	-	-	-	-	-	-
(Outflows)	-	-	-	-	-	-	-

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (e) Fair Value Estimation

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

The Funds value their investments in accordance with the accounting policies set out in under "Summary of Significant Accounting Policies" note to the financial statements. Their fair value estimations are summarised below:

- 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 Funds is the last bid price.
- The quoted market price used for equity securities sold short is the current 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.
- The fair value of financial instruments that are not traded in an active market (such as 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 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 REPORTING PERIOD ENDED 30 JUNE 2014

### 10. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

#### a) Derivative Financial Instruments

In the normal course of business the Funds may enter into transactions in various derivative financial instruments which have 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 many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the 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 against a fluctuation in market values or to reduce volatility a substitution for trading of physical securities and
- 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 the Funds.

Derivative instruments used by the Funds may include the following:

#### - 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.

#### - 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 normally are exchange-traded. The 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 gross basis.

#### - Forward Currency Contracts

Forward currency contracts are primarily used by the Funds to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The 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.

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 10. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

#### a) Derivative Financial Instruments (continued)

##### - 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 or 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 investment revenue.

##### - Cross Currency Swaps

A cross currency swap is a foreign exchange agreement between two parties to exchange principal and interest payments on a loan in one currency for principal and interest payments on an equal (regarding net present value) loan in another currency. Unlike interest rate swaps, cross currency swaps involve the exchange of the principal amount. Interest payments are not netted (as they are in interest rate swaps) because they are denominated in different currencies. Cross currency swaps are valued at fair value which is based on the estimated amount the Funds would pay or receive to terminate the currency derivatives at the balance sheet date, taking into account current interest rates, foreign exchange rates, volatility and the current creditworthiness of the counterparties.

##### - Credit Default Swaps

A credit default swap is a swap contract in which the buyer makes a series of payments to the seller and, in exchange, receives a payoff if a particular credit event occurs. The credit event can be a credit instrument, typically a bond or loan, that goes into default or a company undergoing restructuring, bankruptcy or having its credit rating downgraded. Credit derivatives are valued at fair value which is based on the estimated amount the Funds would pay or receive to terminate these derivatives at the balance sheet date, taking into account current interest rates, volatility and credit risk.

##### - Warrants

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. Warrants are valued at the prevailing market price at the end of each reporting period. The Funds recognise a gain or loss equal to the change in fair value at the end of each reporting period.

## COLONIAL FIRST STATE WHOLESALE FUNDS

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

#### 10. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

##### a) Derivative Financial Instruments (continued)

Derivative financial instruments of Funds contained in this Financial Report at the end of the reporting period end are detailed below:

Colonial First State Wholesale Australian Share Fund							
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values		
		Assets	Liabilities		Assets	Liabilities	
		30/06/2014			30/06/2013		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
- Share price index futures	37,478	-	(94)	26,945	134	-	
- Warrants	-	41,349	-	-	31,259	-	
- Others	-	-	-	-	-	-	
	37,478	41,349	(94)	26,945	31,393	-	

Colonial First State Wholesale Industrial Share Fund							
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values		
		Assets	Liabilities		Assets	Liabilities	
		30/06/2014			30/06/2013		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
- Warrants	-	14,182	-	-	-	-	
	-	14,182	-	-	-	-	

Colonial First State Wholesale Global Health & Biotechnology Fund							
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values		
		Assets	Liabilities		Assets	Liabilities	
		30/06/2014			30/06/2013		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
- Forward Currency Contracts	606	2	(7)	1,805	78	(26)	
	606	2	(7)	1,805	78	(26)	

# COLONIAL FIRST STATE WHOLESALE FUNDS

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

### 11. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

The Funds are not subject to master netting arrangements.

### 12. CONTINGENT LIABILITIES AND COMMITMENTS

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

### 13. EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred since balance sheet date which would impact on the financial positions of the Funds disclosed in the Balance Sheets as at 30 June 2014 or on the results and cash flows of the Funds for the reporting period ended on that date.

### 14. STRUCTURED ENTITIES

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

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

Certain Funds have exposures to unconsolidated structured entities through its trading activities. These Funds typically have no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

Exposure to trading assets are managed in accordance with financial risk management practices as set out in Note (9), which includes an indication of changes in risk measures compared to prior year.

**COLONIAL FIRST STATE WHOLESALE FUNDS**  
**DIRECTORS' DECLARATION**  
**FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

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

- a) the financial statements and notes to the financial statements of the Funds in this Financial Report are in accordance with the Corporations Act 2001, including:
  - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the Funds financial positions as at 30 June 2014 and of their performances for the reporting period ended on that date, 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, and
- c) the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1.

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



Linda Elkins  
Director  
Sydney  
27 August 2014



## Independent auditor's report to the members of Colonial First State 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 2014, the statements of comprehensive income, 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. The Colonial First State Wholesale Funds comprise the following funds:

Colonial First State Wholesale Australian Share Fund
Colonial First State Wholesale Industrial Share Fund
Colonial First State Wholesale Global Health & Biotechnology Fund
Colonial First State Wholesale Global Technology & Communications Fund

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

The directors of Colonial First State Investments Limited (the responsible entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

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

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

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

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*Independence*

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

*Auditor's opinion*

In our opinion:

- (a) the financial report of Colonial First State 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 2014 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*.
- (b) the Funds' financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

CJ Cummins  
Partner

Sydney  
27 August 2014



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