

# Managed Investment Funds & Premier CMT

**2012 Annual Financial Report**

## **Investments**

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





Dear Investor

**Annual Financial Report**

We are pleased to present the reports for the financial year ended 30 June 2012 for the Colonial First State Managed Investment Funds & Premier CMT.

This statement is the final component of the reporting information for the 2011–2012 financial year.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L Elkins', with a stylized flourish at the end.

Linda Elkins  
General Executive Officer

# **COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

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

**Responsible Entity of the Fund**

**COLONIAL FIRST STATE INVESTMENTS LIMITED**

**ABN: 98 002 348 352**

Ground Floor Tower 1, Sussex Street  
SYDNEY NSW 2000

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

Represented by:

**ARSN**

Colonial First State Conservative Fund	087 553 517
Colonial First State Balanced Fund	087 553 839
Colonial First State Diversified Fund	087 554 069
Colonial First State High Growth Fund	087 554 256
Colonial First State Australian Share Fund	087 554 372
Colonial First State Imputation Fund	087 554 443
Colonial First State Future Leaders Fund	087 554 578
Colonial First State Developing Companies Fund	087 554 676
Colonial First State Geared Share Fund	087 562 641
Colonial First State Global Share Fund	087 554 827
Colonial First State Global Resources Fund	087 554 872
Colonial First State Geared Global Share Fund	096 391 927
Colonial First State Property Securities Fund	087 554 292
Colonial First State Cash Fund	087 553 384
Colonial First State Premier CMT	087 562 481
Colonial First State Conservative Fund - Nil Entry Fee Option	098 596 662
Colonial First State Balanced Fund - Nil Entry Fee Option	098 594 873
Colonial First State Diversified Fund - Nil Entry Fee Option	098 594 855
Colonial First State Imputation Fund - Nil Entry Fee Option	098 597 025
Colonial First State Geared Share Fund - Nil Entry Fee Option	098 589 470
Colonial First State Property Securities Fund - Nil Entry Fee Option	098 596 877

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Managed Investment Funds ("the Funds"), 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 2011 to 30 June 2012. The comparative reporting period is from 1 July 2010 to 30 June 2011.

### Principal Activities

This financial report consists of twenty one managed funds belonging to the family of the Funds known as the Colonial First State Wholesale 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 Conservative Fund	11/05/1999	9/06/1999
Colonial First State Balanced Fund	11/05/1999	9/06/1999
Colonial First State Diversified Fund	11/05/1999	9/06/1999
Colonial First State High Growth Fund	11/05/1999	9/06/1999
Colonial First State Australian Share Fund	11/05/1999	9/06/1999
Colonial First State Imputation Fund	11/05/1999	9/06/1999
Colonial First State Future Leaders Fund	11/05/1999	9/06/1999
Colonial First State Developing Companies Fund *	11/05/1999	9/06/1999
Colonial First State Geared Share Fund	11/05/1999	9/06/1999
Colonial First State Global Share Fund	11/05/1999	9/06/1999
Colonial First State Global Resources Fund	11/05/1999	9/06/1999
Colonial First State Geared Global Share Fund	27/03/2001	6/04/2001
Colonial First State Property Securities Fund	11/05/1999	9/06/1999
Colonial First State Cash Fund	11/05/1999	9/06/1999
Colonial First State Premier CMT *	11/05/1999	9/06/1999
Colonial First State Conservative Fund - Nil Entry Fee Option *	24/10/2001	12/11/2001
Colonial First State Balanced Fund - Nil Entry Fee Option *	24/10/2001	12/11/2001
Colonial First State Diversified Fund - Nil Entry Fee Option *	24/10/2001	12/11/2001
Colonial First State Imputation Fund - Nil Entry Fee Option *	24/10/2001	12/11/2001
Colonial First State Geared Share Fund - Nil Entry Fee Option *	24/10/2001	12/11/2001
Colonial First State Property Securities Fund - Nil Entry Fee Option *	24/10/2001	12/11/2001

\* The Fund is closed to new investors.

The principal activities of the Funds are to invest in accordance with the investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Funds' Constitutions.

With the exception of the Colonial First State Australian Share Fund, the Colonial First State Imputation Fund, the Colonial First State Future Leaders Fund, the Colonial First State Developing Companies Fund and the Colonial First State Premier CMT which are exposed directly to the investment markets, the remaining Funds achieve their exposure to the investment markets through investments in registered schemes managed by the Responsible Entity.

The Colonial First State Managed Investment Funds provide access to a range of unlisted managed investment funds which include diversified multi-sector funds and single sector funds including Australian share funds, global share funds, listed property securities funds and income funds.

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

### Review of Operations

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

The results of the Funds were as follows:

### Income

The distributions per unit for each of the Funds for the reporting periods ended 30 June 2012 and 30 June 2011 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. Financial assets held for trading, for unit pricing purposes are valued on a "last sale" price basis.

The following unit prices represent the ex-distribution exit unit prices as at 30 June 2012, together with comparative unit prices as at 30 June 2011:

	2012 \$	2011 \$
Colonial First State Conservative Fund	1.0817	1.0883
Colonial First State Balanced Fund	1.1552	1.2057
Colonial First State Diversified Fund	1.4298	1.4739
Colonial First State High Growth Fund	0.9282	1.0067
Colonial First State Australian Share Fund	1.6632	1.8759
Colonial First State Imputation Fund	2.7723	3.1217
Colonial First State Future Leaders Fund	3.0063	3.4119
Colonial First State Developing Companies Fund	1.9539	2.1993
Colonial First State Geared Share Fund	0.9629	1.3888
Colonial First State Global Share Fund	0.8832	0.8873
Colonial First State Global Resources Fund	1.0709	1.5481
Colonial First State Geared Global Share Fund	0.4332	0.4468
Colonial First State Property Securities Fund	0.5194	0.4982
Colonial First State Cash Fund	1.0075	1.0094
Colonial First State Premier CMT *	1.0000	1.0000
Colonial First State Conservative Fund - Nil Entry Fee Option	0.8766	0.8825
Colonial First State Balanced Fund - Nil Entry Fee Option	0.7886	0.8240
Colonial First State Diversified Fund - Nil Entry Fee Option	0.7977	0.8221
Colonial First State Imputation Fund - Nil Entry Fee Option	0.6819	0.7666
Colonial First State Geared Share Fund - Nil Entry Fee Option	0.3359	0.4959
Colonial First State Property Securities Fund - Nil Entry Fee Option	0.3214	0.3082

Units in the Colonial First State Premier CMT are recorded at \$1.00 and interest is calculated and accrued daily.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

### Review of Operations (continued)

#### Performance

The performance figures below (with the exception of the Colonial First State Premier CMT) have been calculated using exit prices and treating distributions of income (which may include net realised capital gains from the sale of financial assets held for trading) as reinvested and with no allowance made for the taxation of the distributions of income. The performance of the Colonial First State Premier CMT is calculated based on income accrued daily and credited quarterly.

	2012 Annualised %	2011 Annualised %
Colonial First State Conservative Fund	0.90	5.67
Colonial First State Balanced Fund	(3.18)	6.14
Colonial First State Diversified Fund	(1.83)	6.29
Colonial First State High Growth Fund	(6.49)	7.53
Colonial First State Australian Share Fund	(9.27)	9.02
Colonial First State Imputation Fund	(8.55)	9.50
Colonial First State Future Leaders Fund	(9.75)	14.43
Colonial First State Developing Companies Fund	0.49	30.23
Colonial First State Geared Share Fund	(29.58)	3.78
Colonial First State Global Share Fund	(0.46)	1.85
Colonial First State Global Resources Fund	(30.02)	15.44
Colonial First State Geared Global Share Fund	(3.04)	13.78
Colonial First State Property Securities Fund	8.46	4.64
Colonial First State Cash Fund	4.02	4.68
Colonial First State Premier CMT	4.31	4.35
Colonial First State Conservative Fund - Nil Entry Fee Option	0.49	5.26
Colonial First State Balanced Fund - Nil Entry Fee Option	(3.56)	5.72
Colonial First State Diversified Fund - Nil Entry Fee Option	(2.22)	5.86
Colonial First State Imputation Fund - Nil Entry Fee Option	(8.82)	9.04
Colonial First State Geared Share Fund - Nil Entry Fee Option	(29.86)	3.35
Colonial First State Property Securities Fund - Nil Entry Fee Option	8.06	4.19

#### 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:

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

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



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

### 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 we will send them a payment if the amount of the adjustment is more than \$20.

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

### Significant Changes in the State of Affairs

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

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

No matters or circumstances have arisen since 30 June 2012 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.

### Indemnification and Insurance Premiums for Officers and Auditors

No insurance premiums are paid for out of the assets of the Funds in relation to insurance cover provided to the officers of Colonial First State Investments Limited or the auditors 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 Funds. The auditors of the Funds are 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.

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.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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

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

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

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

### 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 and derived using the basis set out in "Summary of Significant Accounting Policies".

### Environmental Regulation

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

### Rounding of Amounts To The Nearest Thousand Dollars

The 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.

### Single Financial Report

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

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

### Auditor's Independence Declaration

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

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



Bradley Brian Massey  
Director  
Sydney  
31 August 2012



## Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Managed Investment Funds for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in dark ink, appearing to read 'A J Wilson'.

A J Wilson  
Partner  
PricewaterhouseCoopers

31 August 2012

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Conservative Fund		Colonial First State Balanced Fund		Colonial First State Diversified Fund	
	Note	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011
<b>Investment income</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income	3	9	13	13	16	28	32
Distribution income		2,029	5,326	2,143	6,537	5,262	12,064
Changes in fair value of financial instruments held for trading		(659)	1,424	(5,680)	3,381	(9,086)	10,182
Other income		-	1	-	-	-	-
<b>Total investment income/(loss)</b>		<b>1,379</b>	<b>6,764</b>	<b>(3,524)</b>	<b>9,934</b>	<b>(3,796)</b>	<b>22,278</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	597	699	803	963	2,099	2,519
Expenses recharged	8(d)	18	-	23	-	51	-
Other expenses		-	1	-	1	-	1
<b>Total operating expenses</b>		<b>615</b>	<b>700</b>	<b>826</b>	<b>964</b>	<b>2,150</b>	<b>2,520</b>
<b>Operating profit/(loss) attributable to unitholders</b>		<b>764</b>	<b>6,064</b>	<b>(4,350)</b>	<b>8,970</b>	<b>(5,946)</b>	<b>19,758</b>
Distributions to unitholders	4	(1,378)	(4,693)	(1,281)	(5,654)	(3,056)	(9,714)
Change in net assets attributable to unitholders from operations	6(a)	614	(1,371)	5,631	(3,316)	9,002	(10,044)
<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 MANAGED INVESTMENT FUNDS

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State High Growth Fund		Colonial First State Australian Share Fund		Colonial First State Imputation Fund	
	Note	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011
<b>Investment income</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income	3	5	7	89	75	1,151	697
Dividend income		-	-	4,801	5,421	72,029	75,808
Distribution income		1,148	1,346	444	644	6,550	8,650
Changes in fair value of financial instruments held for trading		(4,159)	3,498	(15,898)	9,734	(209,201)	133,084
Other income		-	-	2	22	90	674
Responsible Entity fees rebate		-	-	-	-	-	4
<b>Total investment (loss)/income</b>		<b>(3,006)</b>	<b>4,851</b>	<b>(10,562)</b>	<b>15,896</b>	<b>(129,381)</b>	<b>218,917</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	469	558	2,100	2,642	27,989	34,783
Expenses recharged	8(d)	10	-	22	-	299	-
Brokerage costs		-	-	141	204	1,022	1,847
Other expenses		-	-	-	-	1	-
<b>Total operating expenses</b>		<b>479</b>	<b>558</b>	<b>2,263</b>	<b>2,846</b>	<b>29,311</b>	<b>36,630</b>
<b>Operating (loss)/profit attributable to unitholders</b>		<b>(3,485)</b>	<b>4,293</b>	<b>(12,825)</b>	<b>13,050</b>	<b>(158,692)</b>	<b>182,287</b>
Distributions to unitholders	4	(676)	(810)	(2,654)	(3,064)	(45,039)	(44,829)
Change in net assets attributable to unitholders from operations	6(a)	4,161	(3,483)	15,479	(9,986)	203,731	(137,458)
<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 MANAGED INVESTMENT FUNDS

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Future Leaders Fund		Colonial First State Developing Companies Fund		Colonial First State Geared Share Fund	
	Note	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011
<b>Investment income</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income	3	525	625	346	252	25	35
Dividend income		25,155	25,504	9,888	10,238	-	-
Distribution income		-	-	-	-	6,182	3,156
Changes in fair value of financial instruments held for trading		(81,256)	80,378	(6,630)	70,015	(82,574)	12,507
Other income		231	11	74	66	1	-
Net foreign exchange gain/(loss)		84	(27)	-	6	-	-
<b>Total investment (loss)/income</b>		<b>(55,261)</b>	<b>106,491</b>	<b>3,678</b>	<b>80,577</b>	<b>(76,366)</b>	<b>15,698</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	12,103	14,194	5,944	6,706	1,850	2,861
Expenses recharged	8(d)	-	-	-	-	36	-
Brokerage costs		638	800	130	218	-	-
Other expenses		-	-	-	1	-	2
<b>Total operating expenses</b>		<b>12,741</b>	<b>14,994</b>	<b>6,074</b>	<b>6,925</b>	<b>1,886</b>	<b>2,863</b>
<b>Operating (loss)/profit attributable to unitholders</b>		<b>(68,002)</b>	<b>91,497</b>	<b>(2,396)</b>	<b>73,652</b>	<b>(78,252)</b>	<b>12,835</b>
Distributions to unitholders	4	(13,376)	(12,199)	(30,888)	(55,984)	(2,629)	(9,679)
Change in net assets attributable to unitholders from operations	6(a)	81,378	(79,298)	33,284	(17,668)	80,881	(3,156)
<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 MANAGED INVESTMENT FUNDS

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Global Share Fund		Colonial First State Global Resources Fund		Colonial First State Geared Global Share Fund	
	Note	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011
<b>Investment income</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income	3	4	5	15	21	3	4
Distribution income		269	433	588	115	-	-
Changes in fair value of financial instruments held for trading		(199)	860	(44,009)	26,237	(727)	4,300
<b>Total investment income/(loss)</b>		<b>74</b>	<b>1,298</b>	<b>(43,406)</b>	<b>26,373</b>	<b>(724)</b>	<b>4,304</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	350	399	1,353	1,940	256	289
Expenses recharged	8(d)	8	-	21	-	6	-
Other expenses		-	-	-	1	-	1
<b>Total operating expenses</b>		<b>358</b>	<b>399</b>	<b>1,374</b>	<b>1,941</b>	<b>262</b>	<b>290</b>
<b>Operating (loss)/profit attributable to unitholders</b>		<b>(284)</b>	<b>899</b>	<b>(44,780)</b>	<b>24,432</b>	<b>(986)</b>	<b>4,014</b>
Distributions to unitholders	4	-	-	(1,084)	(6,736)	-	-
Change in net assets attributable to unitholders from operations	6(a)	284	(899)	45,864	(17,696)	986	(4,014)
<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 MANAGED INVESTMENT FUNDS

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Property Securities Fund		Colonial First State Cash Fund		Colonial First State Premier CMT	
	Note	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011
<b>Investment income</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income	3	5	7	5	4	4,223	5,396
Distribution income		2,500	3,535	1,901	1,759	-	-
Changes in fair value of financial instruments held for trading		1,760	226	(102)	74	(3)	-
Other income		2	2	-	-	-	-
<b>Total investment income</b>		<b>4,267</b>	<b>3,770</b>	<b>1,804</b>	<b>1,837</b>	<b>4,220</b>	<b>5,396</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	382	479	223	198	558	707
Expenses recharged	8(d)	11	-	8	-	-	-
Other expenses		4	-	-	1	8	8
<b>Total operating expenses</b>		<b>397</b>	<b>479</b>	<b>231</b>	<b>199</b>	<b>566</b>	<b>715</b>
<b>Operating profit attributable to unitholders</b>		<b>3,870</b>	<b>3,291</b>	<b>1,573</b>	<b>1,638</b>	<b>3,654</b>	<b>4,681</b>
Distributions to unitholders	4	(2,110)	(3,099)	(1,673)	(1,582)	(3,675)	(4,697)
Change in net assets attributable to unitholders from operations	6(a)	(1,760)	(192)	100	(56)	21	16
<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 MANAGED INVESTMENT FUNDS

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Conservative Fund - Nil Entry Fee Option		Colonial First State Balanced Fund - Nil Entry Fee Option		Colonial First State Diversified Fund - Nil Entry Fee Option	
	Note	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011
<b>Investment income</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income	3	2	4	2	2	1	2
Distribution income		544	1,491	234	749	223	542
Changes in fair value of financial instruments held for trading		(198)	430	(633)	398	(415)	461
Other income		1	-	-	1	-	-
<b>Total investment income/(loss)</b>		<b>349</b>	<b>1,925</b>	<b>(397)</b>	<b>1,150</b>	<b>(191)</b>	<b>1,005</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	260	319	141	178	134	170
Expenses recharged	8(d)	5	-	2	-	2	-
Other expenses		-	-	2	-	-	1
<b>Total operating expenses</b>		<b>265</b>	<b>319</b>	<b>145</b>	<b>178</b>	<b>136</b>	<b>171</b>
<b>Operating profit/(loss) attributable to unitholders</b>		<b>84</b>	<b>1,606</b>	<b>(542)</b>	<b>972</b>	<b>(327)</b>	<b>834</b>
Distributions to unitholders	4	(285)	(1,191)	(104)	(581)	(84)	(379)
Change in net assets attributable to unitholders from operations	6(a)	201	(415)	646	(391)	411	(455)
<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 MANAGED INVESTMENT FUNDS

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Imputation Fund - Nil Entry Fee Option		Colonial First State Geared Share Fund - Nil Entry Fee Option		Colonial First State Property Securities Fund - Nil Entry Fee Option	
	Note	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011
<b>Investment income</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest income	3	3	3	1,037	1,893	341	440
Distribution income		800	853	187,295	114,387	131,626	190,807
Changes in fair value of financial instruments held for trading		(2,807)	1,969	(2,957,414)	412,160	67,437	12,797
Other income		-	-	-	-	1	-
<b>Total investment (loss)/income</b>		<b>(2,004)</b>	<b>2,825</b>	<b>(2,769,082)</b>	<b>528,440</b>	<b>199,405</b>	<b>204,044</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	266	337	86,301	140,708	31,573	40,619
Expenses recharged	8(d)	4	-	1,104	-	555	-
Other expenses		-	1	102	73	84	543
<b>Total operating expenses</b>		<b>270</b>	<b>338</b>	<b>87,507</b>	<b>140,781</b>	<b>32,212</b>	<b>41,162</b>
<b>Operating (loss)/profit attributable to unitholders</b>		<b>(2,274)</b>	<b>2,487</b>	<b>(2,856,589)</b>	<b>387,659</b>	<b>167,193</b>	<b>162,882</b>
Distributions to unitholders	4	(533)	(829)	(177,985)	(119,503)	(99,936)	(166,831)
Change in net assets attributable to unitholders from operations	6(a)	2,807	(1,658)	3,034,574	(268,156)	(67,257)	3,949
<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 MANAGED INVESTMENT FUNDS

## BALANCE SHEETS AS AT 30 JUNE 2012

	Note	Colonial First State Conservative Fund		Colonial First State Balanced Fund		Colonial First State Diversified Fund	
		30/06/2012 \$'000	30/6/2011 \$'000	30/06/2012 \$'000	30/6/2011 \$'000	30/06/2012 \$'000	30/6/2011 \$'000
<b>Assets</b>							
Cash and cash equivalents	7	357	782	412	886	951	1,661
Trade and other receivables:							
- application monies		-	-	-	11	-	3
- interests		1	2	1	2	3	4
- others		18	18	22	27	60	67
Financial assets held for trading	5	85,559	99,847	111,469	139,167	245,321	293,291
<b>Total assets</b>		<b>85,935</b>	<b>100,649</b>	<b>111,904</b>	<b>140,093</b>	<b>246,335</b>	<b>295,026</b>
<b>Liabilities</b>							
Trade and other payables:							
- redemptions		-	69	-	52	-	192
- others		-	-	-	-	2	-
Distribution payable		26	561	20	511	115	698
Fees due to Responsible Entity	8(c)	51	60	66	83	179	215
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>77</b>	<b>690</b>	<b>86</b>	<b>646</b>	<b>296</b>	<b>1,105</b>
<b>Net assets attributable to unitholders - liability</b>	<b>6(a)</b>	<b>85,858</b>	<b>99,959</b>	<b>111,818</b>	<b>139,447</b>	<b>246,039</b>	<b>293,921</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		85,858	99,960	111,816	139,448	246,039	293,920
Adjustment to period end accruals		-	(1)	2	(1)	-	1
<b>Net assets attributable to unitholders</b>		<b>85,858</b>	<b>99,959</b>	<b>111,818</b>	<b>139,447</b>	<b>246,039</b>	<b>293,921</b>

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## BALANCE SHEETS AS AT 30 JUNE 2012

	Note	Colonial First State High Growth Fund		Colonial First State Australian Share Fund		Colonial First State Imputation Fund	
		30/06/2012 \$'000	30/6/2011 \$'000	30/06/2012 \$'000	30/6/2011 \$'000	30/06/2012 \$'000	30/6/2011 \$'000
<b>Assets</b>							
Cash and cash equivalents	7	127	261	2,890	700	34,237	32,010
Trade and other receivables:							
- outstanding sales settlement		-	-	2,407	1,556	13,469	111
- application monies		-	3	-	9	-	28
- dividends		-	-	894	879	12,994	11,454
- interests		-	1	7	3	112	68
- others		13	16	59	76	752	935
Financial assets held for trading	5	45,155	55,169	102,045	138,529	1,404,953	1,812,160
<b>Total assets</b>		<b>45,295</b>	<b>55,450</b>	<b>108,302</b>	<b>141,752</b>	<b>1,466,517</b>	<b>1,856,766</b>
<b>Liabilities</b>							
Trade and other payables:							
- outstanding purchase settlements		-	-	127	684	9,461	354
- redemptions		-	51	-	214	-	801
- others		-	2	-	1	-	-
Distribution payable		7	23	23	29	1,435	278
Fees due to Responsible Entity	8(c)	39	48	172	224	2,323	2,939
Financial liabilities held for trading	5	-	-	28	-	314	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>46</b>	<b>124</b>	<b>350</b>	<b>1,152</b>	<b>13,533</b>	<b>4,372</b>
<b>Net assets attributable to unitholders - liability</b>	<b>6(a)</b>	<b>45,249</b>	<b>55,326</b>	<b>107,952</b>	<b>140,600</b>	<b>1,452,984</b>	<b>1,852,394</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		45,249	55,327	108,300	140,474	1,456,386	1,850,499
Adjustments arising from different unit pricing and AIFRS valuation principles		-	-	(534)	(133)	(5,933)	(1,550)
Buy and sell spread		-	-	207	267	2,756	3,518
Adjustment to period end accruals		-	(1)	(21)	(8)	(225)	(73)
<b>Net assets attributable to unitholders</b>		<b>45,249</b>	<b>55,326</b>	<b>107,952</b>	<b>140,600</b>	<b>1,452,984</b>	<b>1,852,394</b>

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## BALANCE SHEETS AS AT 30 JUNE 2012

		Colonial First State Future Leaders Fund		Colonial First State Developing Companies Fund		Colonial First State Geared Share Fund	
	Note	30/06/2012	30/6/2011	30/06/2012	30/6/2011	30/06/2012	30/6/2011
<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	7	12,711	12,124	6,943	8,598	1,145	2,282
Trade and other receivables:							
- outstanding sales settlement		199	1,344	-	-	-	-
- application monies		-	190	-	-	-	72
- dividends		743	1,700	205	197	-	-
- interests		42	55	13	24	3	4
- others		334	400	161	186	52	74
Financial assets held for trading	5	521,713	663,400	232,616	273,464	169,224	270,077
<b>Total assets</b>		<b>535,742</b>	<b>679,213</b>	<b>239,938</b>	<b>282,469</b>	<b>170,424</b>	<b>272,509</b>
<b>Liabilities</b>							
Trade and other payables:							
- outstanding purchase settlements		730	942	137	454	-	-
- redemptions		-	302	-	123	-	103
- others		-	-	-	-	1	1
Distribution payable		1,027	606	1,980	4,101	342	1,245
Fees due to Responsible Entity	8(c)	980	1,233	498	578	151	215
Financial liabilities held for trading	5	29	-	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>2,766</b>	<b>3,083</b>	<b>2,615</b>	<b>5,256</b>	<b>494</b>	<b>1,564</b>
<b>Net assets attributable to unitholders - liability</b>	<b>6(a)</b>	<b>532,976</b>	<b>676,130</b>	<b>237,323</b>	<b>277,213</b>	<b>169,930</b>	<b>270,945</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		539,682	677,800	242,356	278,438	169,930	270,944
Adjustments arising from different unit pricing and AIFRS valuation principles		(7,807)	(3,018)	(5,506)	(1,783)	-	-
Buy and sell spread		1,082	1,358	486	558	-	-
Adjustment to period end accruals		19	(10)	(13)	-	-	1
<b>Net assets attributable to unitholders</b>		<b>532,976</b>	<b>676,130</b>	<b>237,323</b>	<b>277,213</b>	<b>169,930</b>	<b>270,945</b>

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## BALANCE SHEETS AS AT 30 JUNE 2012

	Note	Colonial First State Global Share Fund		Colonial First State Global Resources Fund		Colonial First State Geared Global Share Fund	
		30/06/2012	30/6/2011	30/06/2012	30/6/2011	30/06/2012	30/6/2011
<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	7	102	135	706	2,111	88	111
Trade and other receivables:							
- application monies		-	8	-	121	-	-
- interests		-	1	1	3	-	-
- others		11	11	33	52	8	9
Financial assets held for trading	5	38,013	42,338	93,311	162,644	27,725	30,978
<b>Total assets</b>		<b>38,126</b>	<b>42,493</b>	<b>94,051</b>	<b>164,931</b>	<b>27,821</b>	<b>31,098</b>
<b>Liabilities</b>							
Trade and other payables:							
- redemptions		-	25	-	38	-	9
- others		-	-	-	3	-	-
Distribution payable		-	-	286	1,823	-	-
Fees due to Responsible Entity	8(c)	31	35	94	167	23	26
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>31</b>	<b>60</b>	<b>380</b>	<b>2,031</b>	<b>23</b>	<b>35</b>
<b>Net assets attributable to unitholders - liability</b>	<b>6(a)</b>	<b>38,095</b>	<b>42,433</b>	<b>93,671</b>	<b>162,900</b>	<b>27,798</b>	<b>31,063</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		38,094	42,433	93,672	162,900	27,798	31,063
Adjustment to period end accruals		1	-	(1)	-	-	-
<b>Net assets attributable to unitholders</b>		<b>38,095</b>	<b>42,433</b>	<b>93,671</b>	<b>162,900</b>	<b>27,798</b>	<b>31,063</b>

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## BALANCE SHEETS AS AT 30 JUNE 2012

		Colonial First State Property Securities Fund		Colonial First State Cash Fund		Colonial First State Premier CMT	
	Note	30/06/2012	30/6/2011	30/06/2012	30/6/2011	30/06/2012	30/6/2011
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>							
Cash and cash equivalents	7	365	280	153	64	10,743	8,326
Trade and other receivables:							
- application monies		-	-	-	152	234	-
- interests		1	1	-	-	21	27
- others		11	82	7	5	13	17
Financial assets held for trading	5	54,134	63,053	42,369	35,296	56,090	87,674
<b>Total assets</b>		<b>54,511</b>	<b>63,416</b>	<b>42,529</b>	<b>35,517</b>	<b>67,101</b>	<b>96,044</b>
<b>Liabilities</b>							
Bank overdraft		-	-	-	-	1	-
Trade and other payables:							
- redemptions		-	67	-	38	-	141
- others		-	1	1	-	26	13
Distribution payable		119	21	14	22	102	309
Fees due to Responsible Entity	8(c)	35	40	21	18	39	56
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>154</b>	<b>129</b>	<b>36</b>	<b>78</b>	<b>168</b>	<b>519</b>
<b>Net assets attributable to unitholders - liability</b>	<b>6(a)</b>	<b>54,357</b>	<b>63,287</b>	<b>42,493</b>	<b>35,439</b>	<b>66,933</b>	<b>95,525</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		54,357	63,287	42,494	35,439	66,985	95,557
Adjustments arising from different unit pricing and AIFRS valuation principles		-	-	-	-	(1)	(1)
Under or (over) distributions		-	-	-	-	(56)	(24)
Unrealised gain/(loss) on investments		-	-	-	-	5	-
Adjustment to period end accruals		-	-	(1)	-	-	(7)
<b>Net assets attributable to unitholders</b>		<b>54,357</b>	<b>63,287</b>	<b>42,493</b>	<b>35,439</b>	<b>66,933</b>	<b>95,525</b>

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## BALANCE SHEETS AS AT 30 JUNE 2012

		Colonial First State Conservative Fund - Nil Entry Fee Option		Colonial First State Balanced Fund - Nil Entry Fee Option		Colonial First State Diversified Fund - Nil Entry Fee Option	
	Note	30/06/2012 \$'000	30/6/2011 \$'000	30/06/2012 \$'000	30/6/2011 \$'000	30/06/2012 \$'000	30/6/2011 \$'000
<b>Assets</b>							
Cash and cash equivalents	7	74	230	39	96	35	76
Trade and other receivables:							
- application monies		-	-	-	-	-	1
- interests		-	1	-	-	-	-
- others		7	8	4	6	4	4
Financial assets held for trading	5	22,849	27,473	11,573	15,996	10,020	13,199
<b>Total assets</b>		<b>22,930</b>	<b>27,712</b>	<b>11,616</b>	<b>16,098</b>	<b>10,059</b>	<b>13,280</b>
<b>Liabilities</b>							
Trade and other payables:							
- redemptions		-	55	-	6	-	21
- others		-	1	-	-	1	1
Distribution payable		-	99	-	46	1	14
Fees due to Responsible Entity	8(c)	22	26	11	15	11	14
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>22</b>	<b>181</b>	<b>11</b>	<b>67</b>	<b>13</b>	<b>50</b>
<b>Net assets attributable to unitholders - liability</b>	<b>6(a)</b>	<b>22,908</b>	<b>27,531</b>	<b>11,605</b>	<b>16,031</b>	<b>10,046</b>	<b>13,230</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		22,908	27,531	11,605	16,031	10,046	13,230
Adjustment to period end accruals		-	-	-	-	-	-
<b>Net assets attributable to unitholders</b>		<b>22,908</b>	<b>27,531</b>	<b>11,605</b>	<b>16,031</b>	<b>10,046</b>	<b>13,230</b>

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



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## BALANCE SHEETS AS AT 30 JUNE 2012

		Colonial First State Imputation Fund - Nil Entry Fee Option		Colonial First State Geared Share Fund - Nil Entry Fee Option		Colonial First State Property Securities Fund - Nil Entry Fee Option	
	Note	30/06/2012	30/6/2011	30/06/2012	30/6/2011	30/06/2012	30/6/2011
<b>Assets</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	7	80	108	36,734	-	18,466	21,282
Trade and other receivables:							
- application monies		-	-	-	150,500	-	-
- interests		-	-	92	-	31	54
- others		7	9	2,238	3,535	849	1,041
Financial assets held for trading	5	20,048	26,244	5,126,837	9,789,556	2,735,748	3,449,715
<b>Total assets</b>		<b>20,135</b>	<b>26,361</b>	<b>5,165,901</b>	<b>9,943,591</b>	<b>2,755,094</b>	<b>3,472,092</b>
<b>Liabilities</b>							
Bank overdraft		-	-	-	88,031	-	-
Trade and other payables:							
- redemptions		-	34	-	9,000	-	8,908
Distribution payable		13	17	16,096	13,176	3,849	2,576
Fees due to Responsible Entity	8(c)	22	29	6,439	11,012	2,747	3,454
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>35</b>	<b>80</b>	<b>22,535</b>	<b>121,219</b>	<b>6,596</b>	<b>14,938</b>
<b>Net assets attributable to unitholders - liability</b>	<b>6(a)</b>	<b>20,100</b>	<b>26,281</b>	<b>5,143,366</b>	<b>9,822,372</b>	<b>2,748,498</b>	<b>3,457,154</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		20,100	26,281	5,143,382	9,822,323	2,748,477	3,457,150
Adjustment to period end accruals		-	-	(16)	49	21	4
<b>Net assets attributable to unitholders</b>		<b>20,100</b>	<b>26,281</b>	<b>5,143,366</b>	<b>9,822,372</b>	<b>2,748,498</b>	<b>3,457,154</b>

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

## **COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

### **STATEMENTS OF CHANGES IN EQUITY FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

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.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## CASH FLOW STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Conservative Fund		Colonial First State Balanced Fund		Colonial First State Diversified Fund	
	Note	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		16,538	18,813	25,122	21,915	46,307	50,966
Payments for purchase of financial instruments held for trading		(880)	(680)	(960)	(1,010)	(2,160)	(2,700)
Interest received		10	13	14	16	29	32
Other income received		(1)	1	(1)	-	-	-
Responsible Entity fee paid		(605)	(704)	(817)	(967)	(2,127)	(2,530)
Other expenses paid		(18)	-	(23)	-	(51)	-
<b>Net cash from operating activities</b>	<b>7(a)</b>	<b>15,044</b>	<b>17,443</b>	<b>23,335</b>	<b>19,954</b>	<b>41,998</b>	<b>45,768</b>
<b>Cash flows from financing activities</b>							
Receipts from issue of units		3,909	3,402	2,775	3,602	6,087	7,352
Payment for redemption of units		(18,440)	(19,618)	(25,828)	(22,642)	(47,644)	(51,227)
Distributions paid		(938)	(1,442)	(756)	(1,273)	(1,151)	(1,447)
<b>Net cash used in financing activities</b>		<b>(15,469)</b>	<b>(17,658)</b>	<b>(23,809)</b>	<b>(20,313)</b>	<b>(42,708)</b>	<b>(45,322)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(425)</b>	<b>(215)</b>	<b>(474)</b>	<b>(359)</b>	<b>(710)</b>	<b>446</b>
Add opening cash and cash equivalents brought forward		782	997	886	1,245	1,661	1,215
<b>Closing cash and cash equivalents carried forward</b>		<b>357</b>	<b>782</b>	<b>412</b>	<b>886</b>	<b>951</b>	<b>1,661</b>

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## CASH FLOW STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State High Growth Fund		Colonial First State Australian Share Fund		Colonial First State Imputation Fund	
	Note	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		8,281	8,161	72,055	105,094	570,928	1,010,551
Payments for purchase of financial instruments held for trading		(1,278)	(1,669)	(50,941)	(90,903)	(354,438)	(769,863)
Interest received		5	7	85	80	1,107	678
Dividends received		-	-	3,322	3,956	54,618	57,313
Other income received		-	-	2	22	91	674
Responsible Entity fee paid		(475)	(559)	(2,135)	(2,645)	(28,422)	(34,790)
Other expenses (paid)/refund		(10)	(1)	(23)	-	(300)	1
Payment for brokerage costs		-	-	(141)	(204)	(1,022)	(1,847)
<b>Net cash from operating activities</b>	<b>7(a)</b>	<b>6,523</b>	<b>5,939</b>	<b>22,224</b>	<b>15,400</b>	<b>242,562</b>	<b>262,717</b>
<b>Cash flows from financing activities</b>							
Receipts from issue of units		2,508	3,098	4,283	5,974	24,906	32,291
Payment for redemption of units		(9,103)	(8,940)	(23,822)	(22,759)	(257,184)	(278,902)
Distributions paid		(62)	(37)	(495)	(586)	(8,057)	(10,127)
<b>Net cash used in financing activities</b>		<b>(6,657)</b>	<b>(5,879)</b>	<b>(20,034)</b>	<b>(17,371)</b>	<b>(240,335)</b>	<b>(256,738)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(134)</b>	<b>60</b>	<b>2,190</b>	<b>(1,971)</b>	<b>2,227</b>	<b>5,979</b>
Add opening cash and cash equivalents brought forward		261	201	700	2,671	32,010	26,031
<b>Closing cash and cash equivalents carried forward</b>		<b>127</b>	<b>261</b>	<b>2,890</b>	<b>700</b>	<b>34,237</b>	<b>32,010</b>

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## CASH FLOW STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

	Colonial First State Future Leaders Fund		Colonial First State Developing Companies Fund		Colonial First State Geared Share Fund	
Note	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
<b>Cash flows from operating activities</b>						
Proceeds from sale of financial instruments held for trading	354,096	464,105	80,884	139,093	41,492	39,203
Payments for purchase of financial instruments held for trading	(292,388)	(415,548)	(46,984)	(96,973)	(17,030)	(8,560)
Interest received	538	626	358	248	26	36
Dividends received	25,882	24,766	9,880	9,469	-	-
Other income received	230	11	73	66	-	-
Responsible Entity fee paid	(12,290)	(14,135)	(5,998)	(6,651)	(1,891)	(2,917)
Other expenses refund/(paid)	-	1	-	-	(36)	(1)
Payment for brokerage costs	(638)	(800)	(130)	(218)	-	-
<b>Net cash from operating activities</b>	<b>75,430</b>	<b>59,026</b>	<b>38,083</b>	<b>45,034</b>	<b>22,561</b>	<b>27,761</b>
<b>Cash flows from financing activities</b>						
Receipts from issue of units	23,684	37,439	4,524	6,835	28,099	25,109
Payment for redemption of units	(97,116)	(93,182)	(37,796)	(40,928)	(50,552)	(51,687)
Distributions paid	(1,411)	(1,852)	(6,466)	(4,967)	(1,245)	(3,127)
<b>Net cash used in financing activities</b>	<b>(74,843)</b>	<b>(57,595)</b>	<b>(39,738)</b>	<b>(39,060)</b>	<b>(23,698)</b>	<b>(29,705)</b>
<b>Net movement in cash and cash equivalents</b>	<b>587</b>	<b>1,431</b>	<b>(1,655)</b>	<b>5,974</b>	<b>(1,137)</b>	<b>(1,944)</b>
Add opening cash and cash equivalents brought forward	12,124	10,693	8,598	2,624	2,282	4,226
<b>Closing cash and cash equivalents carried forward</b>	<b>12,711</b>	<b>12,124</b>	<b>6,943</b>	<b>8,598</b>	<b>1,145</b>	<b>2,282</b>

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## CASH FLOW STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

	Colonial First State Global Share Fund		Colonial First State Global Resources Fund		Colonial First State Geared Global Share Fund	
Note	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
<b>Cash flows from operating activities</b>						
Proceeds from sale of financial instruments held for trading	5,669	7,258	26,602	26,362	3,593	4,078
Payments for purchase of financial instruments held for trading	(1,274)	(1,710)	(690)	(2,480)	(1,067)	(1,494)
Interest received	4	5	17	20	3	4
Other income received	(1)	-	(1)	-	-	-
Responsible Entity fee paid	(353)	(401)	(1,406)	(1,934)	(258)	(288)
Other expenses refund/(paid)	(8)	-	(21)	(1)	(6)	-
<b>Net cash from operating activities</b> 7(a)	<b>4,037</b>	<b>5,152</b>	<b>24,501</b>	<b>21,967</b>	<b>2,265</b>	<b>2,300</b>
<b>Cash flows from financing activities</b>						
Receipts from issue of units	1,928	2,342	3,809	10,783	1,712	1,903
Payment for redemption of units	(5,998)	(7,526)	(27,892)	(31,137)	(4,000)	(4,207)
Distributions paid	-	-	(1,823)	(22)	-	-
<b>Net cash used in financing activities</b>	<b>(4,070)</b>	<b>(5,184)</b>	<b>(25,906)</b>	<b>(20,376)</b>	<b>(2,288)</b>	<b>(2,304)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(33)</b>	<b>(32)</b>	<b>(1,405)</b>	<b>1,591</b>	<b>(23)</b>	<b>(4)</b>
Add opening cash and cash equivalents brought forward	135	167	2,111	520	111	115
<b>Closing cash and cash equivalents carried forward</b>	<b>102</b>	<b>135</b>	<b>706</b>	<b>2,111</b>	<b>88</b>	<b>111</b>

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## CASH FLOW STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Property Securities Fund		Colonial First State Cash Fund		Colonial First State Premier CMT	
	Note	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		13,389	13,489	23,169	11,527	1,203,290	769,689
Payments for purchase of financial instruments held for trading		(210)	(300)	(28,443)	(6,690)	(1,171,824)	(731,721)
Interest received		5	7	5	4	4,343	6,118
Other income received		1	2	(1)	-	1	-
Responsible Entity fee paid		(316)	(483)	(221)	(198)	(571)	(724)
Other expenses paid		(15)	(1)	(8)	(1)	(7)	(7)
<b>Net cash from operating activities</b>	<b>7(a)</b>	<b>12,854</b>	<b>12,714</b>	<b>(5,499)</b>	<b>4,642</b>	<b>35,232</b>	<b>43,355</b>
<b>Cash flows from financing activities</b>							
Receipts from issue of units		1,331	1,480	40,273	14,312	117,939	111,498
Payment for redemption of units		(13,531)	(12,717)	(34,499)	(19,056)	(149,800)	(156,113)
Distributions paid		(569)	(1,604)	(186)	(196)	(955)	(1,623)
<b>Net cash used in financing activities</b>		<b>(12,769)</b>	<b>(12,841)</b>	<b>5,588</b>	<b>(4,940)</b>	<b>(32,816)</b>	<b>(46,238)</b>
<b>Net movement in cash and cash equivalents</b>		<b>85</b>	<b>(127)</b>	<b>89</b>	<b>(298)</b>	<b>2,416</b>	<b>(2,883)</b>
Add opening cash and cash equivalents brought forward		280	407	64	362	8,326	11,209
<b>Closing cash and cash equivalents carried forward</b>		<b>365</b>	<b>280</b>	<b>153</b>	<b>64</b>	<b>10,742</b>	<b>8,326</b>

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## CASH FLOW STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Conservative Fund - Nil Entry Fee Option		Colonial First State Balanced Fund - Nil Entry Fee Option		Colonial First State Diversified Fund - Nil Entry Fee Option	
	Note	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		5,101	6,607	4,185	2,903	3,169	2,490
Payments for purchase of financial instruments held for trading		(130)	(140)	(161)	(207)	(181)	(201)
Interest received		3	4	2	2	1	2
Other income received		-	-	1	-	(1)	-
Responsible Entity fee paid		(263)	(322)	(145)	(179)	(137)	(170)
Other expenses (paid)/refund		(5)	(1)	(3)	1	(2)	-
<b>Net cash from/(used in) operating activities</b>	<b>7(a)</b>	<b>4,706</b>	<b>6,148</b>	<b>3,879</b>	<b>2,520</b>	<b>2,849</b>	<b>2,121</b>
<b>Cash flows from financing activities</b>							
Receipts from issue of units		318	369	249	347	317	397
Payment for redemption of units		(5,022)	(6,364)	(4,120)	(2,863)	(3,184)	(2,452)
Distributions paid		(158)	(263)	(65)	(109)	(23)	(43)
<b>Net cash (used in)/from financing activities</b>		<b>(4,862)</b>	<b>(6,258)</b>	<b>(3,936)</b>	<b>(2,625)</b>	<b>(2,890)</b>	<b>(2,098)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(156)</b>	<b>(110)</b>	<b>(57)</b>	<b>(105)</b>	<b>(41)</b>	<b>23</b>
Add opening cash and cash equivalents brought forward		230	340	96	201	76	53
<b>Closing cash and cash equivalents carried forward</b>		<b>74</b>	<b>230</b>	<b>39</b>	<b>96</b>	<b>35</b>	<b>76</b>

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

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



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## CASH FLOW STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

		Colonial First State Imputation Fund - Nil Entry Fee Option		Colonial First State Geared Share Fund - Nil Entry Fee Option		Colonial First State Property Securities Fund - Nil Entry Fee Option	
	Note	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		4,539	4,405	2,673,600	5,329,000	944,030	625,245
Payments for purchase of financial instruments held for trading		(350)	(360)	(781,000)	(5,096,600)	(31,000)	(31,000)
Interest received		3	3	945	1,486	364	481
Other income received		-	-	-	-	1	-
Responsible Entity fee paid		(271)	(338)	(89,577)	(142,630)	(32,088)	(40,853)
Other expenses (paid)/refund		(4)	-	(1,206)	(73)	(639)	(543)
<b>Net cash from operating activities</b>	<b>7(a)</b>	<b>3,917</b>	<b>3,710</b>	<b>1,802,762</b>	<b>91,183</b>	<b>880,668</b>	<b>553,330</b>
<b>Cash flows from financing activities</b>							
Receipts from issue of units		643	849	1,120,496	5,201,266	53,122	62,753
Payment for redemption of units		(4,520)	(4,468)	(2,785,317)	(5,447,446)	(913,589)	(583,747)
Distributions paid		(68)	(112)	(13,176)	(25,734)	(23,017)	(52,897)
<b>Net cash used in financing activities</b>		<b>(3,945)</b>	<b>(3,731)</b>	<b>(1,677,997)</b>	<b>(271,914)</b>	<b>(883,484)</b>	<b>(573,891)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(28)</b>	<b>(21)</b>	<b>124,765</b>	<b>(180,731)</b>	<b>(2,816)</b>	<b>(20,561)</b>
Add opening cash and cash equivalents brought forward		108	129	(88,031)	92,700	21,282	41,843
<b>Closing cash and cash equivalents carried forward</b>		<b>80</b>	<b>108</b>	<b>36,734</b>	<b>(88,031)</b>	<b>18,466</b>	<b>21,282</b>

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

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

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

The Balance Sheets are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be settled within twelve months, except for financial assets held for trading, loans and net assets attributable to unitholders. The amounts expected to be recovered or settled after more than twelve months in relation to these balances cannot be reliably determined, except as otherwise stated. The Funds' are for-profit unit trusts for the purpose of preparing the financial statements.

The financial report was authorised for issue by the Directors of the Responsible Entity on 24 August 2012. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The current reporting period is from 1 July 2011 (or date of registration of the Fund) to 30 June 2012. The comparative reporting period is from 1 July 2010 (or date of registration of the Fund) to 30 June 2011.

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

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

##### *Classification*

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

##### *Recognition/Derecognition*

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

The derecognition of a financial instrument takes place when the Funds no longer control the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

##### *Measurement*

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

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

##### *Measurement (continued)*

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 Fund's 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.

#### (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:

##### *Distribution or Dividend income*

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

##### *Interest income*

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

##### *Changes in fair value of financial assets and liabilities held for trading*

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

#### (d) Cash and cash equivalents

Cash and cash equivalents in the Balance 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.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

#### (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.

#### (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 month, quarter or half-year. Such distributions are determined by reference to the taxable income of the Funds. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

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

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

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

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

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

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

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

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance 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.

#### (l) 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.

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

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

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

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

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

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

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

#### (n) Comparatives

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

#### (o) Use of estimates

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

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

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

#### (p) Unit Prices

Unit prices are determined in accordance with the Funds' Constitutions 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.

#### (q) Foreign Currency

##### *Foreign Currency Transactions*

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

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

##### *Foreign Currency Translations*

Items included in the 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 are 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) Statement of Compliance

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

#### (s) 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 Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

#### (t) Applications and redemptions

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 2. AUDITOR'S REMUNERATION

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

The Responsible Entity may recharge a portion of the Auditors' 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 auditors are the audit of the compliance plan of the Funds and tax compliance services. The auditors' non-audit remuneration is not paid by the Funds.

### 3. INTEREST INCOME

The interest income of the Funds are summarised as follows:

	Colonial First State Conservative Fund		Colonial First State Balanced Fund		Colonial First State Diversified Fund	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Cash and cash equivalents	9	13	13	16	28	32
<b>Total Interest Income</b>	<b>9</b>	<b>13</b>	<b>13</b>	<b>16</b>	<b>28</b>	<b>32</b>

	Colonial First State High Growth Fund		Colonial First State Australian Share Fund		Colonial First State Imputation Fund	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Cash and cash equivalents	5	7	89	75	1,151	697
<b>Total Interest Income</b>	<b>5</b>	<b>7</b>	<b>89</b>	<b>75</b>	<b>1,151</b>	<b>697</b>

	Colonial First State Future Leaders Fund		Colonial First State Developing Companies Fund		Colonial First State Geared Share Fund	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Cash and cash equivalents	525	625	346	252	25	35
<b>Total Interest Income</b>	<b>525</b>	<b>625</b>	<b>346</b>	<b>252</b>	<b>25</b>	<b>35</b>

	Colonial First State Global Share Fund		Colonial First State Global Resources Fund		Colonial First State Geared Global Share Fund	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Cash and cash equivalents	4	5	15	21	3	4
<b>Total Interest Income</b>	<b>4</b>	<b>5</b>	<b>15</b>	<b>21</b>	<b>3</b>	<b>4</b>



# **COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

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

### **3. INTEREST INCOME (continued)**

	<b>Colonial First State Property Securities Fund</b>		<b>Colonial First State Cash Fund</b>		<b>Colonial First State Premier CMT</b>	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Cash and cash equivalents	5	7	5	4	373	414
Debt securities	-	-	-	-	3,850	4,982
<b>Total Interest Income</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>4,223</b>	<b>5,396</b>

	<b>Colonial First State Conservative Fund - Nil Entry Fee Option</b>		<b>Colonial First State Balanced Fund - Nil Entry Fee Option</b>		<b>Colonial First State Diversified Fund - Nil Entry Fee Option</b>	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Cash and cash equivalents	2	4	2	2	1	2
<b>Total Interest Income</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>

	<b>Colonial First State Imputation Fund - Nil Entry Fee Option</b>		<b>Colonial First State Geared Share Fund - Nil Entry Fee Option</b>		<b>Colonial First State Property Securities Fund - Nil Entry Fee Option</b>	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$
Cash and cash equivalents	3	3	1,037	1,893	341	440
<b>Total Interest Income</b>	<b>3</b>	<b>3</b>	<b>1,037</b>	<b>1,893</b>	<b>341</b>	<b>440</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 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 represents the component of the final distribution for the reporting period which had not been paid at balance sheet date.

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

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

	Colonial First State Conservative Fund				Colonial First State Balanced Fund			
Period ended:	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 30 September	0.60	530	0.70	700	0.40	443	0.60	741
- 31 December	0.60	514	1.00	973	0.50	538	1.00	1,204
- 31 March	0.30	247	1.20	1,135	0.20	203	1.10	1,291
- 30 June	0.11	87	2.08	1,885	0.10	97	2.12	2,418
<b>Distributions to unitholders</b>		<b>1,378</b>		<b>4,693</b>		<b>1,281</b>		<b>5,654</b>

	Colonial First State Diversified Fund				Colonial First State High Growth Fund			
Period ended:	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 30 September	0.50	955	1.40	3,027	0.30	160	0.30	175
- 31 December	0.60	1,112	0.75	1,581	0.40	209	0.40	229
- 31 March	0.20	355	0.70	1,434	0.40	200	0.10	56
- 30 June	0.37	634	1.86	3,672	0.22	107	0.64	350
<b>Distributions to unitholders</b>		<b>3,056</b>		<b>9,714</b>		<b>676</b>		<b>810</b>

	Colonial First State Australian Share Fund				Colonial First State Imputation Fund			
Period ended:	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 30 September	1.70	1,206	1.00	804	3.00	17,118	2.90	18,572
- 31 December	1.70	1,184	2.20	1,719	2.75	15,384	3.00	18,811
- 31 March	0.20	134	0.50	384	1.00	5,420	1.00	6,142
- 30 June	0.20	130	0.21	157	1.36	7,117	0.22	1,304
<b>Distributions to unitholders</b>		<b>2,654</b>		<b>3,064</b>		<b>45,039</b>		<b>44,829</b>

	Colonial First State Future Leaders Fund				Colonial First State Developing Companies Fund			
Period ended:	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 30 September	1.10	2,117	1.40	2,896	0.90	1,110	0.10	116
- 31 December	1.80	3,389	2.00	4,075	5.20	6,285	2.40	2,714
- 31 March	0.20	367	0.40	803	7.80	9,243	23.50	25,999
- 30 June	4.23	7,503	2.24	4,425	12.10	14,250	23.38	27,155
<b>Distributions to unitholders</b>		<b>13,376</b>		<b>12,199</b>		<b>30,888</b>		<b>55,984</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 4. DISTRIBUTIONS TO UNITHOLDERS (continued)

	Colonial First State Geared Share Fund				Colonial First State Global Share Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
Period ended:	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 30 September	-	-	-	-	n/a	n/a	n/a	n/a
- 31 December	-	-	-	-	-	-	-	-
- 31 March	-	-	-	-	n/a	n/a	n/a	n/a
- 30 June	1.51	2,629	5.12	9,679	-	-	-	-
<b>Distributions to unitholders</b>		<b>2,629</b>		<b>9,679</b>		<b>-</b>		<b>-</b>

	Colonial First State Global Resources Fund				Colonial First State Geared Global Share Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
Period ended:	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 31 December	-	-	-	-	-	-	-	-
- 30 June	1.25	1,084	6.60	6,736	-	-	-	-
<b>Distributions to unitholders</b>		<b>1,084</b>		<b>6,736</b>		<b>-</b>		<b>-</b>

	Colonial First State Property Securities Fund				Colonial First State Premier CMT			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
Period ended:	cpu	\$'000	cpu	\$'000	Income Rate	\$'000	Income Rate	\$'000
- 30 September	0.40	477	1.10	1,538	4.52%	1,021	4.29%	1,329
- 31 December	0.80	918	1.00	1,365	4.43%	974	4.36%	1,203
- 31 March	0.30	329	0.10	133	4.11%	892	4.39%	1,098
- 30 June	0.37	386	0.05	63	4.16%	788	4.39%	1,067
<b>Distributions to unitholders</b>		<b>2,110</b>		<b>3,099</b>		<b>3,675</b>		<b>4,697</b>

	Colonial First State Conservative Fund - Nil Entry Fee Option				Colonial First State Balanced Fund - Nil Entry Fee Option			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
Period ended:	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 30 September	0.40	117	0.40	140	0.20	36	0.40	83
- 31 December	0.40	113	0.80	271	0.30	52	0.60	122
- 31 March	0.20	55	0.90	297	0.10	16	0.60	117
- 30 June	-	-	1.57	483	-	-	1.35	259
<b>Distributions to unitholders</b>		<b>285</b>		<b>1,191</b>		<b>104</b>		<b>581</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 4. DISTRIBUTIONS TO UNITHOLDERS (continued)

	Colonial First State Diversified Fund - Nil Entry Fee Option				Colonial First State Imputation Fund - Nil Entry Fee Option			
Period ended:	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	cpu	\$'000	cpu	\$'000	cpu	\$'000	cpu	\$'000
- 30 September	0.20	29	0.80	139	0.40	130	0.70	257
- 31 December	0.20	29	0.40	68	0.70	224	0.70	251
- 31 March	0.10	13	0.40	66	0.20	61	0.50	175
- 30 June	0.10	13	0.66	106	0.40	118	0.43	146
<b>Distributions to unitholders</b>		<b>84</b>		<b>379</b>		<b>533</b>		<b>829</b>

	Colonial First State Geared Share Fund - Nil Entry Fee Option				Colonial First State Property Securities Fund - Nil Entry Fee Option			
Period ended:	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011		1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	cpu	\$	cpu	\$	cpu	\$	cpu	\$
- 30 September	-	-	-	-	0.20	20,735	0.70	84,508
- 31 December	-	-	-	-	0.50	49,150	0.50	59,519
- 31 March	-	-	-	-	0.14	13,031	0.10	11,615
- 30 June	1.20	177,985	0.61	119,503	0.20	17,020	0.10	11,189
<b>Distributions to unitholders</b>		<b>177,985</b>		<b>119,503</b>		<b>99,936</b>		<b>166,831</b>

#### Monthly distributing Funds:

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

	Colonial First State Cash Fund			
Period ended:	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	cpu	\$'000	cpu	\$'000
- 31 July	0.40	144	0.40	150
- 31 August	0.30	117	0.30	113
- 30 September	0.30	124	0.30	112
- 31 October	0.40	165	0.40	145
- 30 November	0.40	156	0.30	106
- 31 December	0.40	170	0.40	139
- 31 January	0.35	150	0.40	138
- 28 February	0.30	118	0.40	137
- 31 March	0.30	117	0.30	102
- 30 April	0.40	156	0.40	135
- 31 May	0.30	121	0.40	137
- 30 June	0.32	135	0.48	168
<b>Distributions to unitholders</b>		<b>1,673</b>		<b>1,582</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. The Colonial First State Futures Leaders Fund and Colonial First State Developing Companies Fund both hold shares in an unlisted company classified as Level 3. The unlisted company is valued using a discounted cash flow model with various unobservable inputs and assumptions. A change to any of these inputs or assumptions would have resulted in an immaterial impact on the value of total assets for each Fund.

The various methods adopted in determining the fair value of the Funds' financial instruments are further explained in the "Summary of Significant Accounting Policies" note to the financial statements.

30/06/2012	Colonial First State Conservative Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	85,559	85,559	-	-
<b>Total Assets Held for Trading</b>	<b>85,559</b>	<b>85,559</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	99,847	99,847	-	-
<b>Total Assets Held for Trading</b>	<b>99,847</b>	<b>99,847</b>	<b>-</b>	<b>-</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Balanced Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	111,469	111,469	-	-
<b>Total Assets Held for Trading</b>	<b>111,469</b>	<b>111,469</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	139,167	139,167	-	-
<b>Total Assets Held for Trading</b>	<b>139,167</b>	<b>139,167</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Diversified Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	245,321	245,321	-	-
<b>Total Assets Held for Trading</b>	<b>245,321</b>	<b>245,321</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	293,291	293,291	-	-
<b>Total Assets Held for Trading</b>	<b>293,291</b>	<b>293,291</b>	<b>-</b>	<b>-</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State High Growth Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	45,155	45,155	-	-
<b>Total Assets Held for Trading</b>	<b>45,155</b>	<b>45,155</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	55,169	55,169	-	-
<b>Total Assets Held for Trading</b>	<b>55,169</b>	<b>55,169</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Australian Share Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	94,829	94,829	-	-
Managed Investment Schemes	5,148	5,148	-	-
Derivatives	2,068	-	2,068	-
<b>Total Assets Held for Trading</b>	<b>102,045</b>	<b>99,977</b>	<b>2,068</b>	<b>-</b>
<b>Financial Liabilities Held for Trading:</b>				
Derivatives	(28)	(28)	-	-
<b>Total Liabilities Held for Trading</b>	<b>(28)</b>	<b>(28)</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	130,294	130,294	-	-
Managed Investment Schemes	7,058	7,058	-	-
Derivatives	1,177	18	1,159	-
<b>Total Assets Held for Trading</b>	<b>138,529</b>	<b>137,370</b>	<b>1,159</b>	<b>-</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Imputation Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	1,284,160	1,284,160	-	-
Listed Property Trust	9,874	9,874	-	-
Managed Investment Schemes	81,163	81,163	-	-
Derivatives	29,756	-	29,756	-
<b>Total Assets Held for Trading</b>	<b>1,404,953</b>	<b>1,375,197</b>	<b>29,756</b>	<b>-</b>
<b>Financial Liabilities Held for Trading:</b>				
Derivatives	(314)	(314)	-	-
<b>Total Liabilities Held for Trading</b>	<b>(314)</b>	<b>(314)</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	1,663,521	1,663,521	-	-
Listed Property Trust	34,818	34,818	-	-
Managed Investment Schemes	94,826	94,826	-	-
Derivatives	18,995	504	18,491	-
<b>Total Assets Held for Trading</b>	<b>1,812,160</b>	<b>1,793,669</b>	<b>18,491</b>	<b>-</b>



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Future Leaders Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	505,740	505,740	-	-
Listed Property Trust	14,671	14,671	-	-
Unlisted Equities	1,302	-	-	1,302
<b>Total Assets Held for Trading</b>	<b>521,713</b>	<b>520,411</b>	<b>-</b>	<b>1,302</b>
<b>Financial Liabilities Held for Trading:</b>				
Derivatives	(29)	(29)	-	-
<b>Total Liabilities Held for Trading</b>	<b>(29)</b>	<b>(29)</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	612,050	611,991	-	59
Listed Property Trust	49,985	49,985	-	-
Unlisted Equities	1,302	-	-	1,302
Derivatives	63	63	-	-
<b>Total Assets Held for Trading</b>	<b>663,400</b>	<b>662,039</b>	<b>-</b>	<b>1,361</b>

The following table presents the movement in Level 3 instruments for the reporting periods:

	30/06/2012		30/6/2011	
	Equities \$'000	Total \$'000	Equities \$'000	Total \$'000
Opening balance as at 1 July	1,361	1,361	1,361	1,361
Gains and losses recognised in profit or loss	153	153	-	-
Purchases	-	-	-	-
Sales	(212)	(212)	-	-
<b>Closing balance as at 30 June</b>	<b>1,302</b>	<b>1,302</b>	<b>1,361</b>	<b>1,361</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Developing Companies Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	232,290	228,722	3,568	-
Unlisted Equities	326	-	-	326
<b>Total Assets Held for Trading</b>	<b>232,616</b>	<b>228,722</b>	<b>3,568</b>	<b>326</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	273,112	262,620	10,492	-
Unlisted Equities	326	-	-	326
Derivatives	26	26	-	-
<b>Total Assets Held for Trading</b>	<b>273,464</b>	<b>262,646</b>	<b>10,492</b>	<b>326</b>

The following table presents the movement in Level 3 instruments for the reporting periods:

	30/06/2012		30/6/2011	
	Equities \$'000	Total \$'000	Equities \$'000	Total \$'000
Opening balance as at 1 July	326	326	326	326
Gains and losses recognised in profit or loss	-	-	-	-
Purchases	-	-	-	-
Sales	-	-	-	-
<b>Closing balance as at 30 June</b>	<b>326</b>	<b>326</b>	<b>326</b>	<b>326</b>

30/06/2012	Colonial First State Geared Share Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Managed Investment Schemes	169,224	169,224	-	-
<b>Total Assets Held for Trading</b>	<b>169,224</b>	<b>169,224</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Managed Investment Schemes	270,077	270,077	-	-
<b>Total Assets Held for Trading</b>	<b>270,077</b>	<b>270,077</b>	<b>-</b>	<b>-</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Global Share Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	38,013	38,013	-	-
<b>Total Assets Held for Trading</b>	<b>38,013</b>	<b>38,013</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	42,338	42,338	-	-
<b>Total Assets Held for Trading</b>	<b>42,338</b>	<b>42,338</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Global Resources Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	93,311	93,311	-	-
<b>Total Assets Held for Trading</b>	<b>93,311</b>	<b>93,311</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	162,644	162,644	-	-
<b>Total Assets Held for Trading</b>	<b>162,644</b>	<b>162,644</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Geared Global Share Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	27,725	27,725	-	-
<b>Total Assets Held for Trading</b>	<b>27,725</b>	<b>27,725</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	30,978	30,978	-	-
<b>Total Assets Held for Trading</b>	<b>30,978</b>	<b>30,978</b>	<b>-</b>	<b>-</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Property Securities Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	54,134	54,134	-	-
<b>Total Assets Held for Trading</b>	<b>54,134</b>	<b>54,134</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	63,053	63,053	-	-
<b>Total Assets Held for Trading</b>	<b>63,053</b>	<b>63,053</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Cash Fund			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	42,369	42,369	-	-
<b>Total Assets Held for Trading</b>	<b>42,369</b>	<b>42,369</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	35,296	35,296	-	-
<b>Total Assets Held for Trading</b>	<b>35,296</b>	<b>35,296</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Premier CMT			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading:				
Debt Securities	56,086	-	56,086	-
Derivatives	4	4	-	-
<b>Total Assets Held for Trading</b>	<b>56,090</b>	<b>4</b>	<b>56,086</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Debt Securities	87,674	-	87,674	-
<b>Total Assets Held for Trading</b>	<b>87,674</b>	<b>-</b>	<b>87,674</b>	<b>-</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Conservative Fund - Nil Entry Fee Option			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	22,849	22,849	-	-
<b>Total Assets Held for Trading</b>	<b>22,849</b>	<b>22,849</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	27,473	27,473	-	-
<b>Total Assets Held for Trading</b>	<b>27,473</b>	<b>27,473</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Balanced Fund - Nil Entry Fee Option			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	11,573	11,573	-	-
<b>Total Assets Held for Trading</b>	<b>11,573</b>	<b>11,573</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	15,996	15,996	-	-
<b>Total Assets Held for Trading</b>	<b>15,996</b>	<b>15,996</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Diversified Fund - Nil Entry Fee Option			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	10,020	10,020	-	-
<b>Total Assets Held for Trading</b>	<b>10,020</b>	<b>10,020</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets Held for Trading: Managed Investment Schemes	13,199	13,199	-	-
<b>Total Assets Held for Trading</b>	<b>13,199</b>	<b>13,199</b>	<b>-</b>	<b>-</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Imputation Fund - Nil Entry Fee Option			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	20,048	20,048	-	-
<b>Total Assets Held for Trading</b>	<b>20,048</b>	<b>20,048</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	26,244	26,244	-	-
<b>Total Assets Held for Trading</b>	<b>26,244</b>	<b>26,244</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Geared Share Fund - Nil Entry Fee Option			
	Total \$	Level 1 \$	Level 2 \$	Level 3 \$
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	5,126,837	5,126,837	-	-
<b>Total Assets Held for Trading</b>	<b>5,126,837</b>	<b>5,126,837</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$	Level 1 \$	Level 2 \$	Level 3 \$
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	9,789,556	9,789,556	-	-
<b>Total Assets Held for Trading</b>	<b>9,789,556</b>	<b>9,789,556</b>	<b>-</b>	<b>-</b>

30/06/2012	Colonial First State Property Securities Fund - Nil Entry Fee Option			
	Total \$	Level 1 \$	Level 2 \$	Level 3 \$
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	2,735,748	2,735,748	-	-
<b>Total Assets Held for Trading</b>	<b>2,735,748</b>	<b>2,735,748</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$	Level 1 \$	Level 2 \$	Level 3 \$
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	3,449,715	3,449,715	-	-
<b>Total Assets Held for Trading</b>	<b>3,449,715</b>	<b>3,449,715</b>	<b>-</b>	<b>-</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

As stipulated within the 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 Conservative Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	91,850	99,959	103,703	111,720
Applications	3,630	3,909	2,872	3,175
Redemptions	(17,019)	(18,372)	(17,714)	(19,595)
Units issued upon reinvestment of distributions	917	976	2,989	3,288
Change in net assets attributable to unitholders from operations		(614)		1,371
<b>Closing Balance</b>	<b>79,378</b>	<b>85,858</b>	<b>91,850</b>	<b>99,959</b>

	Colonial First State Balanced Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	115,656	139,447	127,560	150,707
Applications	2,382	2,763	2,941	3,610
Redemptions	(22,139)	(25,776)	(18,498)	(22,636)
Units issued upon reinvestment of distributions	890	1,015	3,653	4,450
Change in net assets attributable to unitholders from operations		(5,631)		3,316
<b>Closing Balance</b>	<b>96,789</b>	<b>111,818</b>	<b>115,656</b>	<b>139,447</b>

	Colonial First State Diversified Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	199,405	293,921	223,610	320,042
Applications	4,273	6,084	4,905	7,351
Redemptions	(33,387)	(47,452)	(34,389)	(51,356)
Units issued upon reinvestment of distributions	1,786	2,488	5,279	7,840
Change in net assets attributable to unitholders from operations		(9,002)		10,044
<b>Closing Balance</b>	<b>172,077</b>	<b>246,039</b>	<b>199,405</b>	<b>293,921</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

	Colonial First State High Growth Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	54,957	55,326	60,009	56,978
Applications	2,630	2,505	3,014	3,100
Redemptions	(9,507)	(9,051)	(8,806)	(8,989)
Units issued upon reinvestment of distributions	674	630	740	754
Change in net assets attributable to unitholders from operations		(4,161)		3,483
<b>Closing Balance</b>	<b>48,754</b>	<b>45,249</b>	<b>54,957</b>	<b>55,326</b>

	Colonial First State Australian Share Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	74,883	140,600	82,485	145,053
Applications	2,472	4,274	3,123	5,972
Redemptions	(13,561)	(23,608)	(12,026)	(22,918)
Units issued upon reinvestment of distributions	1,321	2,165	1,301	2,507
Change in net assets attributable to unitholders from operations		(15,479)		9,986
<b>Closing Balance</b>	<b>65,115</b>	<b>107,952</b>	<b>74,883</b>	<b>140,600</b>

	Colonial First State Imputation Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	592,810	1,852,394	659,781	1,926,197
Applications	8,702	24,878	10,193	32,214
Redemptions	(89,202)	(256,383)	(88,340)	(278,924)
Units issued upon reinvestment of distributions	13,008	35,826	11,176	35,449
Change in net assets attributable to unitholders from operations		(203,731)		137,458
<b>Closing Balance</b>	<b>525,318</b>	<b>1,452,984</b>	<b>592,810</b>	<b>1,852,394</b>



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

	Colonial First State Future Leaders Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	198,662	676,130	211,883	641,662
Applications	7,319	23,494	10,819	37,581
Redemptions	(30,262)	(96,815)	(27,085)	(92,909)
Units issued upon reinvestment of distributions	3,797	11,545	3,045	10,498
Change in net assets attributable to unitholders from operations		(81,378)		79,298
<b>Closing Balance</b>	<b>179,516</b>	<b>532,976</b>	<b>198,662</b>	<b>676,130</b>

	Colonial First State Developing Companies Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	126,602	277,213	120,502	246,445
Applications	2,091	4,525	2,605	6,833
Redemptions	(17,510)	(37,673)	(16,135)	(40,978)
Units issued upon reinvestment of distributions	12,854	26,542	19,630	47,245
Change in net assets attributable to unitholders from operations		(33,284)		17,668
<b>Closing Balance</b>	<b>124,037</b>	<b>237,323</b>	<b>126,602</b>	<b>277,213</b>

	Colonial First State Geared Share Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	195,081	270,945	206,113	285,908
Applications	25,704	28,027	16,049	24,936
Redemptions	(46,673)	(50,448)	(33,126)	(51,489)
Units issued upon reinvestment of distributions	2,364	2,287	6,045	8,434
Change in net assets attributable to unitholders from operations		(80,881)		3,156
<b>Closing Balance</b>	<b>176,476</b>	<b>169,930</b>	<b>195,081</b>	<b>270,945</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

	Colonial First State Global Share Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	47,821	42,433	53,613	46,702
Applications	2,208	1,920	2,608	2,351
Redemptions	(6,900)	(5,974)	(8,400)	(7,519)
Units issued upon reinvestment of distributions	-	-	-	-
Change in net assets attributable to unitholders from operations		(284)		899
<b>Closing Balance</b>	<b>43,129</b>	<b>38,095</b>	<b>47,821</b>	<b>42,433</b>

	Colonial First State Global Resources Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	105,224	162,900	114,826	160,547
Applications	2,742	3,691	6,484	10,878
Redemptions	(21,241)	(27,855)	(19,249)	(31,132)
Units issued upon reinvestment of distributions	743	799	3,163	4,911
Change in net assets attributable to unitholders from operations		(45,864)		17,696
<b>Closing Balance</b>	<b>87,468</b>	<b>93,671</b>	<b>105,224</b>	<b>162,900</b>

	Colonial First State Geared Global Share Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	69,517	31,063	74,679	29,327
Applications	4,050	1,712	4,305	1,903
Redemptions	(9,399)	(3,991)	(9,467)	(4,181)
Units issued upon reinvestment of distributions	-	-	-	-
Change in net assets attributable to unitholders from operations		(986)		4,014
<b>Closing Balance</b>	<b>64,168</b>	<b>27,798</b>	<b>69,517</b>	<b>31,063</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

	Colonial First State Property Securities Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	127,050	63,287	145,302	72,338
Applications	2,783	1,332	2,910	1,479
Redemptions	(28,256)	(13,464)	(25,286)	(12,784)
Units issued upon reinvestment of distributions	3,076	1,442	4,124	2,062
Change in net assets attributable to unitholders from operations		1,760		192
<b>Closing Balance</b>	<b>104,653</b>	<b>54,357</b>	<b>127,050</b>	<b>63,287</b>

	Colonial First State Cash Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	35,109	35,439	38,110	38,413
Applications	39,708	40,120	14,284	14,439
Redemptions	(34,119)	(34,460)	(18,657)	(18,853)
Units issued upon reinvestment of distributions	1,482	1,494	1,372	1,384
Change in net assets attributable to unitholders from operations		(100)		56
<b>Closing Balance</b>	<b>42,180</b>	<b>42,493</b>	<b>35,109</b>	<b>35,439</b>

	Colonial First State Premier CMT			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	95,556	95,525	137,439	137,424
Applications	118,160	118,160	111,142	111,143
Redemptions	(149,659)	(149,659)	(156,254)	(156,255)
Units issued upon reinvestment of distributions	2,928	2,928	3,229	3,229
Change in net assets attributable to unitholders from operations		(21)		(16)
<b>Closing Balance</b>	<b>66,985</b>	<b>66,933</b>	<b>95,556</b>	<b>95,525</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

	Colonial First State Conservative Fund - Nil Entry Fee Option			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	31,200	27,531	36,779	32,124
Applications	364	318	410	369
Redemptions	(5,693)	(4,966)	(7,046)	(6,320)
Units issued upon reinvestment of distributions	262	226	1,057	943
Change in net assets attributable to unitholders from operations		(201)		415
<b>Closing Balance</b>	<b>26,133</b>	<b>22,908</b>	<b>31,200</b>	<b>27,531</b>

	Colonial First State Balanced Fund - Nil Entry Fee Option			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	19,454	16,031	21,816	17,614
Applications	314	250	413	348
Redemptions	(5,162)	(4,115)	(3,348)	(2,798)
Units issued upon reinvestment of distributions	110	85	573	476
Change in net assets attributable to unitholders from operations		(646)		391
<b>Closing Balance</b>	<b>14,716</b>	<b>11,605</b>	<b>19,454</b>	<b>16,031</b>

	Colonial First State Diversified Fund - Nil Entry Fee Option			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	16,095	13,230	18,208	14,530
Applications	400	317	466	388
Redemptions	(3,994)	(3,163)	(2,975)	(2,470)
Units issued upon reinvestment of distributions	95	73	396	327
Change in net assets attributable to unitholders from operations		(411)		455
<b>Closing Balance</b>	<b>12,596</b>	<b>10,046</b>	<b>16,095</b>	<b>13,230</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

	Colonial First State Imputation Fund - Nil Entry Fee Option			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.'000	\$'000	No.'000	\$'000
Opening balance	34,283	26,281	38,034	27,547
Applications	912	643	1,076	849
Redemptions	(6,405)	(4,486)	(5,753)	(4,498)
Units issued upon reinvestment of distributions	686	469	926	725
Change in net assets attributable to unitholders from operations		(2,807)		1,658
<b>Closing Balance</b>	<b>29,476</b>	<b>20,100</b>	<b>34,283</b>	<b>26,281</b>

	Colonial First State Geared Share Fund - Nil Entry Fee Option			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.	\$	No.	\$
Opening balance	19,804,029	9,822,372	19,673,312	9,553,482
Applications	2,500,424	969,996	9,818,474	5,350,853
Redemptions	(7,472,340)	(2,776,317)	(9,901,180)	(5,456,446)
Units issued upon reinvestment of distributions	479,672	161,889	213,423	106,327
Change in net assets attributable to unitholders from operations		(3,034,574)		268,156
<b>Closing Balance</b>	<b>15,311,785</b>	<b>5,143,366</b>	<b>19,804,029</b>	<b>9,822,372</b>

	Colonial First State Property Securities Fund - Nil Entry Fee Option			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.	\$	No.	\$
Opening balance	11,216,574	3,457,154	12,435,641	3,846,479
Applications	179,776	53,122	196,730	62,118
Redemptions	(3,106,677)	(904,681)	(1,823,549)	(574,411)
Units issued upon reinvestment of distributions	260,974	75,646	407,752	126,917
Change in net assets attributable to unitholders from operations		67,257		(3,949)
<b>Closing Balance</b>	<b>8,550,647</b>	<b>2,748,498</b>	<b>11,216,574</b>	<b>3,457,154</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 "Fair Value Hierarchy of Financial Assets and Liabilities" note to the financial statements.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 7. CASH AND CASH EQUIVALENTS

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

	Colonial First State Conservative Fund		Colonial First State Balanced Fund		Colonial First State Diversified Fund	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Net profit/(Net loss) attributable to unitholders	764	6,064	(4,350)	8,970	(5,946)	19,758
Proceeds from sale of financial instruments held for trading	16,538	18,813	25,122	21,915	46,307	50,966
Payments for purchase of financial instruments held for trading	(880)	(680)	(960)	(1,010)	(2,160)	(2,700)
Changes in fair value of financial instruments held for trading	659	(1,424)	5,680	(3,381)	9,086	(10,182)
Distribution or Dividend income reinvested	(2,029)	(5,326)	(2,143)	(6,537)	(5,262)	(12,064)
Changes in assets and liabilities:						
Receivables and other assets	2	2	4	3	9	8
Payables and other liabilities	(10)	(6)	(18)	(6)	(36)	(18)
<b>Net Cash From Operating Activities</b>	<b>15,044</b>	<b>17,443</b>	<b>23,335</b>	<b>19,954</b>	<b>41,998</b>	<b>45,768</b>

	Colonial First State High Growth Fund		Colonial First State Australian Share Fund		Colonial First State Imputation Fund	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Net (loss)/profit attributable to unitholders	(3,485)	4,293	(12,825)	13,050	(158,692)	182,287
Proceeds from sale of financial instruments held for trading	8,281	8,161	72,055	105,094	570,928	1,010,551
Payments for purchase of financial instruments held for trading	(1,278)	(1,669)	(50,941)	(90,903)	(354,438)	(769,863)
Changes in fair value of financial instruments held for trading	4,159	(3,498)	15,898	(9,734)	209,201	(133,084)
Distribution or Dividend income reinvested	(1,148)	(1,346)	(1,908)	(2,041)	(22,420)	(26,722)
Changes in assets and liabilities:						
Receivables and other assets	2	1	(2)	(58)	(1,401)	(326)
Payables and other liabilities	(8)	(3)	(53)	(8)	(616)	(126)
<b>Net Cash From Operating Activities</b>	<b>6,523</b>	<b>5,939</b>	<b>22,224</b>	<b>15,400</b>	<b>242,562</b>	<b>262,717</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

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

	Colonial First State Future Leaders Fund		Colonial First State Developing Companies Fund		Colonial First State Geared Share Fund	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Net (loss)/profit attributable to unitholders	(68,002)	91,497	(2,396)	73,652	(78,252)	12,835
Proceeds from sale of financial instruments held for trading	354,096	464,105	80,884	139,093	41,492	39,203
Payments for purchase of financial instruments held for trading	(292,388)	(415,548)	(46,984)	(96,973)	(17,030)	(8,560)
Changes in fair value of financial instruments held for trading	81,256	(80,378)	6,630	(70,015)	82,574	(12,507)
Distribution or Dividend income reinvested	(230)	(1,211)	-	(710)	(6,182)	(3,156)
Net foreign exchange (loss)/gain	(84)	27	-	(6)	-	-
Changes in assets and liabilities:						
Receivables and other assets	1,036	471	30	(79)	23	21
Payables and other liabilities	(254)	63	(81)	72	(64)	(75)
<b>Net Cash From Operating Activities</b>	<b>75,430</b>	<b>59,026</b>	<b>38,083</b>	<b>45,034</b>	<b>22,561</b>	<b>27,761</b>

	Colonial First State Global Share Fund		Colonial First State Global Resources Fund		Colonial First State Geared Global Share Fund	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Net (loss)/profit attributable to unitholders	(284)	899	(44,780)	24,432	(986)	4,014
Proceeds from sale of financial instruments held for trading	5,669	7,258	26,602	26,362	3,593	4,078
Payments for purchase of financial instruments held for trading	(1,274)	(1,710)	(690)	(2,480)	(1,067)	(1,494)
Changes in fair value of financial instruments held for trading	199	(860)	44,009	(26,237)	727	(4,300)
Distribution or Dividend income reinvested	(269)	(433)	(588)	(115)	-	-
Changes in assets and liabilities:						
Receivables and other assets	-	1	21	(1)	-	-
Payables and other liabilities	(4)	(3)	(73)	6	(2)	2
<b>Net Cash From Operating Activities</b>	<b>4,037</b>	<b>5,152</b>	<b>24,501</b>	<b>21,967</b>	<b>2,265</b>	<b>2,300</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

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

	Colonial First State Property Securities Fund		Colonial First State Cash Fund		Colonial First State Premier CMT	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Net profit attributable to unitholders	3,870	3,291	1,573	1,638	3,654	4,681
Proceeds from sale of financial instruments held for trading	13,389	13,489	23,169	11,527	1,203,290	769,689
Payments for purchase of financial instruments held for trading	(210)	(300)	(28,443)	(6,690)	(1,171,824)	(731,721)
Changes in fair value of financial instruments held for trading	(1,760)	(226)	102	(74)	3	-
Distribution or Dividend income reinvested	(2,500)	(3,535)	(1,901)	(1,759)	-	-
Changes in assets and liabilities:						
Receivables and other assets	71	2	(2)	1	124	731
Payables and other liabilities	(6)	(7)	3	(1)	(15)	(25)
<b>Net Cash From/(Used In) Operating Activities</b>	<b>12,854</b>	<b>12,714</b>	<b>(5,499)</b>	<b>4,642</b>	<b>35,232</b>	<b>43,355</b>

	Colonial First State Conservative Fund - Nil Entry Fee Option		Colonial First State Balanced Fund - Nil Entry Fee Option		Colonial First State Diversified Fund - Nil Entry Fee Option	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Net profit/(Net loss) attributable to unitholders	84	1,606	(542)	972	(327)	834
Proceeds from sale of financial instruments held for trading	5,101	6,607	4,185	2,903	3,169	2,490
Payments for purchase of financial instruments held for trading	(130)	(140)	(161)	(207)	(181)	(201)
Changes in fair value of financial instruments held for trading	198	(430)	633	(398)	415	(461)
Distribution or Dividend income reinvested	(544)	(1,491)	(234)	(749)	(223)	(542)
Changes in assets and liabilities:						
Receivables and other assets	1	1	1	1	1	1
Payables and other liabilities	(4)	(5)	(3)	(2)	(5)	-
<b>Net Cash From Operating Activities</b>	<b>4,706</b>	<b>6,148</b>	<b>3,879</b>	<b>2,520</b>	<b>2,849</b>	<b>2,121</b>



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

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

	Colonial First State Imputation Fund - Nil Entry Fee Option		Colonial First State Geared Share Fund - Nil Entry Fee Option		Colonial First State Property Securities Fund - Nil Entry Fee Option	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$
Net (loss)/profit attributable to unitholders	(2,274)	2,487	(2,856,589)	387,659	167,193	162,882
Proceeds from sale of financial instruments held for trading	4,539	4,405	2,673,600	5,329,000	944,030	625,245
Payments for purchase of financial instruments held for trading	(350)	(360)	(781,000)	(5,096,600)	(31,000)	(31,000)
Changes in fair value of financial instruments held for trading	2,807	(1,969)	2,957,414	(412,160)	(67,437)	(12,797)
Distribution or Dividend income reinvested	(800)	(853)	(187,295)	(114,387)	(131,626)	(190,807)
Changes in assets and liabilities:						
Receivables and other assets	2	1	1,205	429	215	208
Payables and other liabilities	(7)	(1)	(4,573)	(2,758)	(707)	(401)
<b>Net Cash From Operating Activities</b>	<b>3,917</b>	<b>3,710</b>	<b>1,802,762</b>	<b>91,183</b>	<b>880,668</b>	<b>553,330</b>

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

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

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

#### (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:

	2012 \$'000	2011 \$'000
Colonial First State Australian Share Fund	287	112
Colonial First State Imputation Fund	2,859	2,519
Colonial First State Future Leaders Fund	216	299
Colonial First State Developing Companies Fund	-	540

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES

#### (a) Responsible Entity

The Responsible Entity of the 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:

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

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

No amounts are paid by the 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 MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

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

Under the terms of the 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:

	<b>2012 Management Fees %</b>	<b>June 2011 Management Fees %</b>
Colonial First State Conservative Fund	1.40	1.40
Colonial First State Balanced Fund	1.50	1.50
Colonial First State Diversified Fund	1.75	1.75
Colonial First State High Growth Fund	2.10	2.10
Colonial First State Australian Share Fund	1.75	1.75
Colonial First State Imputation Fund	1.75	1.75
Colonial First State Future Leaders Fund	2.00	2.00
Colonial First State Developing Companies Fund	2.25	2.25
Colonial First State Geared Share Fund *	1.95	1.95
Colonial First State Global Share Fund	2.05	2.05
Colonial First State Global Resources Fund	2.25	2.25
Colonial First State Geared Global Share Fund *	2.05	2.05
Colonial First State Property Securities Fund	1.50	1.50
Colonial First State Cash Fund	0.95	0.95
Colonial First State Premier CMT	0.65	0.65
Colonial First State Conservative Fund - Nil Entry Fee Option	1.80	1.80
Colonial First State Balanced Fund - Nil Entry Fee Option	1.90	1.90
Colonial First State Diversified Fund - Nil Entry Fee Option	2.15	2.15
Colonial First State Imputation Fund - Nil Entry Fee Option	2.15	2.15
Colonial First State Geared Share Fund - Nil Entry Fee Option *	2.35	2.35
Colonial First State Property Securities Fund - Nil Entry Fee Option	1.90	1.90

\* The Responsible Entity is not remunerated by way of cash fee. Instead, each month the Responsible Entity receive units in the Fund at no cost in consideration for managing the Fund.

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.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

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

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

	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$
Colonial First State Conservative Fund	597,070	699,382
Colonial First State Balanced Fund	802,954	962,563
Colonial First State Diversified Fund	2,099,215	2,519,083
Colonial First State High Growth Fund	468,750	558,480
Colonial First State Australian Share Fund	2,099,577	2,642,237
Colonial First State Imputation Fund	27,988,996	34,778,784
Colonial First State Future Leaders Fund	12,102,636	14,193,524
Colonial First State Developing Companies Fund	5,944,196	6,705,549
Colonial First State Geared Share Fund	1,849,619	2,860,977
Colonial First State Global Share Fund	350,014	398,506
Colonial First State Global Resources Fund	1,353,052	1,940,448
Colonial First State Geared Global Share Fund	255,989	289,023
Colonial First State Property Securities Fund	381,703	479,084
Colonial First State Cash Fund	222,753	197,573
Colonial First State Premier CMT	558,357	706,542
Colonial First State Conservative Fund - Nil Entry Fee Option	259,905	319,185
Colonial First State Balanced Fund - Nil Entry Fee Option	141,242	177,798
Colonial First State Diversified Fund - Nil Entry Fee Option	134,480	169,566
Colonial First State Imputation Fund - Nil Entry Fee Option	266,197	337,355
Colonial First State Geared Share Fund - Nil Entry Fee Option	86,301	140,708
Colonial First State Property Securities Fund - Nil Entry Fee Option	31,573	40,619

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

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

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

	2012 \$	2011 \$
Colonial First State Conservative Fund	50,622	59,612
Colonial First State Balanced Fund	66,042	83,128
Colonial First State Diversified Fund	178,778	214,832
Colonial First State High Growth Fund	39,075	47,978
Colonial First State Australian Share Fund	171,697	224,132
Colonial First State Imputation Fund	2,322,847	2,938,748
Colonial First State Future Leaders Fund	979,785	1,232,727
Colonial First State Developing Companies Fund	497,928	577,967
Colonial First State Geared Share Fund	151,368	215,092
Colonial First State Global Share Fund	30,862	34,733
Colonial First State Global Resources Fund	94,075	166,581
Colonial First State Geared Global Share Fund	22,762	25,503
Colonial First State Property Securities Fund	34,666	40,274
Colonial First State Cash Fund	21,168	17,728
Colonial First State Premier CMT	38,885	55,740
Colonial First State Conservative Fund - Nil Entry Fee Option	21,785	26,406
Colonial First State Balanced Fund - Nil Entry Fee Option	11,045	15,371
Colonial First State Diversified Fund - Nil Entry Fee Option	10,930	14,454
Colonial First State Imputation Fund - Nil Entry Fee Option	21,766	28,648
Colonial First State Geared Share Fund - Nil Entry Fee Option	6,439	11,012
Colonial First State Property Securities Fund - Nil Entry Fee Option	2,747	3,454

#### (d) Management Expenses Recharged

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 .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.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (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 at the end of the current and comparative reporting periods are tabled below.

	2012 Number of Units No.'000	2011 Number of Units No.'000
Colonial First State Future Leaders Fund	51,116	54,773
Colonial First State Developing Companies Fund	19,022	19,770

#### (g) Related Party Transactions

Transactions between the Funds and other registered Funds, which are also managed by the Responsible Entity, consisted of the sale of units in the Funds to related Managed Investment Schemes, purchases of units in related Managed Investment Schemes, and receipt and payment of distributions on normal commercial terms and conditions.

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

#### Terms and conditions of transactions with related parties

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES

#### (h) Investing Activities

#### (i) Managed Investment Schemes

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

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

Units held in:

##### Colonial First State Wholesale Conservative Fund

- 2012	83,334	85,559	7.80	2,864	16,112	2,029
- 2011	96,582	99,847	8.31	5,742	17,878	5,326

#### Colonial First State Balanced Fund

Units held in:

##### Colonial First State Wholesale Balanced Fund

- 2012	117,101	111,469	12.47	3,284	26,148	2,143
- 2011	139,965	139,167	12.97	7,511	21,693	6,537

#### Colonial First State Diversified Fund

Units held in:

##### Colonial First State Wholesale Diversified Fund

- 2012	199,870	245,321	13.24	6,154	37,915	5,262
- 2011	231,631	293,291	13.51	11,531	39,651	12,064

#### Colonial First State High Growth Fund

Units held in:

##### Colonial First State Wholesale High Growth Fund

- 2012	51,962	45,155	18.67	2,754	9,283	1,148
- 2011	58,491	55,169	18.27	3,145	8,529	1,346



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (h) Investing Activities (continued)

#### (i) Managed Investment Schemes (continued)

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

Units held in:

Colonial First State Global Asset Management Equity Trust 5

- 2012	5,951	5,148	2.05	493	1,658	444
- 2011	7,116	7,058	2.33	1,866	-	644

#### Colonial First State Imputation Fund

Units held in:

Colonial First State Global Asset Management Equity Trust 5

- 2012	93,819	81,163	32.25	7,269	9,051	6,550
- 2011	95,601	94,826	31.27	24,829	-	8,650

#### Colonial First State Geared Share Fund

Units held in:

Colonial First State Wholesale Geared Share Fund

- 2012	88,124	169,224	12.62	10,878	18,925	6,182
- 2011	96,171	270,077	12.66	3,916	12,801	3,156

#### Colonial First State Global Share Fund

Units held in:

Colonial First State Wholesale Global Share Fund

- 2012	37,115	38,013	3.82	1,540	5,658	269
- 2011	41,233	42,338	3.36	2,045	6,962	433

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (h) Investing Activities (continued)

#### (i) Managed Investment Schemes (continued)

Investment Name	Units Held at Period End No.'000	Value of Investment at Period End \$'000	Interest held in Investment at Period End %	Units Acquired During Period No.'000	Units Disposed During Period No.'000	Distribution Received \$'000
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#### Colonial First State Global Resources Fund

Units held in:

##### Colonial First State Wholesale Global Resources Fund

- 2012	62,950	93,311	5.60	773	14,869	588
- 2011	77,046	162,644	6.43	1,203	12,670	115

#### Colonial First State Geared Global Share Fund

Units held in:

##### Colonial First State Wholesale Geared Global Share Fund

- 2012	59,242	27,725	39.77	2,420	7,959	-
- 2011	64,781	30,978	37.84	3,167	8,645	-

#### Colonial First State Property Securities Fund

Units held in:

##### Colonial First State Wholesale Property Securities Fund

- 2012	92,458	54,134	6.60	5,107	24,923	2,500
- 2011	112,274	63,053	5.72	6,792	23,649	3,535

#### Colonial First State Cash Fund

Units held in:

##### Colonial First State Wholesale Cash Fund

- 2012	42,003	42,369	0.60	29,995	22,914	1,901
- 2011	34,922	35,296	0.54	8,351	11,394	1,759

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (h) Investing Activities (continued)

#### (i) Managed Investment Schemes (continued)

Investment Name	Units Held at Period End No.'000	Value of Investment at Period End \$'000	Interest held in Investment at Period End %	Units Acquired During Period No.'000	Units Disposed During Period No.'000	Distribution Received \$'000
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#### Colonial First State Conservative Fund - Nil Entry Fee Option

Units held in:

##### Colonial First State Wholesale Conservative Fund

- 2012	22,255	22,849	2.08	664	4,984	544
- 2011	26,575	27,473	2.29	1,560	6,281	1,491

#### Colonial First State Balanced Fund - Nil Entry Fee Option

Units held in:

##### Colonial First State Wholesale Balanced Fund

- 2012	12,158	11,573	1.30	416	4,346	234
- 2011	16,088	15,996	1.49	949	2,874	749

#### Colonial First State Diversified Fund - Nil Entry Fee Option

Units held in:

##### Colonial First State Wholesale Diversified Fund

- 2012	8,163	10,020	0.54	335	2,596	223
- 2011	10,424	13,199	0.61	580	1,939	542

#### Colonial First State Imputation Fund - Nil Entry Fee Option

Units held in:

##### Colonial First State Wholesale Imputation Fund

- 2012	10,430	20,048	0.99	589	2,296	800
- 2011	12,137	26,244	0.99	549	2,005	853

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (h) Investing Activities (continued)

#### (i) Managed Investment Schemes (continued)

Investment Name	Units Held at Period End No.'000	Value of Investment at Period End \$'000	Interest held in Investment at Period End %	Units Acquired During Period No.'000	Units Disposed During Period No.'000	Distribution Received \$'000
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#### Colonial First State Geared Share Fund - Nil Entry Fee Option

Units held in:

##### Colonial First State Wholesale Geared Share Fund

- 2012	2,669,811	5,126,837	0.38	451,716	1,267,842	187,295
- 2011	3,485,937	9,789,556	0.46	1,699,335	1,712,848	114,387

Note - Amounts rounded to nearest unit or dollar are shown in italics.

#### Colonial First State Property Securities Fund - Nil Entry Fee Option

Units held in:

##### Colonial First State Wholesale Property Securities Fund

- 2012	4,672,499	2,735,748	0.33	305,928	1,776,085	131,626
- 2011	6,142,656	3,449,715	0.31	392,631	1,091,871	190,807

Note - Amounts rounded to nearest unit or dollar are shown in italics.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (h) Investing Activities (continued)

#### (ii) Listed Securities

The following Funds invests in listed securities of the Bank and its related parties as follows:

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

Commonwealth Bank of Australia

- 2012	100	5,314	0.01	-	29	356
- 2011	129	6,750	0.01	20	92	490

#### Colonial First State Imputation Fund

Commonwealth Bank of Australia

2012	2,449	129,986	0.16	174	56	8,006
2011	2,331	121,691	0.15	-	428	7,961

#### (iii) Other Financial Instruments

The following Funds have certain financial instruments issued by the Bank and its related parties:

#### Colonial First State Premier CMT

**Commonwealth Bank of Australia**  
Fixed Interest and Discount securities - market value

2012 \$'000	2011 \$'000
18,054	12,869

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT

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

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

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

#### (a) Market Risk

##### (i) Price risk

The Funds' financial assets are either directly or indirectly exposed to price risk. This arises from investments held by the Funds for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

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

The Investment Managers 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 or Constitutions and are regularly monitored by the Compliance 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 30 June 2012 and 30 June 2011. 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. Funds that invest in various asset classes, such as multi-sector Funds, will have a weighted average movement calculated based on the proportion of their investments in those classes.

##### (ii) Foreign exchange risk

Certain Funds hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk 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 Compliance Department of the Responsible Entity regularly monitors these hedging activities.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (ii) Foreign exchange risk (continued)

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

	Colonial First State Future Leaders Fund				
	New Zealand Dollar				Others
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
<b>30/06/2012</b>					
Cash and cash equivalents	3,179	-	-	-	-
Receivables	369	-	-	-	-
Financial assets held for trading	34,693	-	-	-	-
	38,241	-	-	-	-
	New Zealand Dollar				Others
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
<b>30/06/2011</b>					
Cash and cash equivalents	2,106	-	-	-	-
Receivables	210	-	-	-	1
Financial assets held for trading	23,426	-	-	-	-
	25,742	-	-	-	1

	Colonial First State Developing Companies Fund				
	New Zealand Dollar				Others
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
<b>30/06/2012</b>					
Cash and cash equivalents	702	-	-	-	-
Financial assets held for trading	5,086	-	-	-	-
	5,788	-	-	-	-
	New Zealand Dollar				Others
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
<b>30/06/2011</b>					
Cash and cash equivalents	491	-	-	-	-
Financial assets held for trading	5,074	-	-	-	-
	5,565	-	-	-	-

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

##### (iii) Interest rate risk

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

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

30/06/2012	Colonial First State Conservative Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	357	-	-	357
Receivables	-	-	19	19
Financial assets held for trading	-	-	85,559	85,559
<b>Financial liabilities</b>				
Payables	-	-	(77)	(77)
<b>Net exposure</b>	<b>357</b>	<b>-</b>	<b>85,501</b>	<b>85,858</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	782	-	-	782
Receivables	-	-	20	20
Financial assets held for trading	-	-	99,847	99,847
<b>Financial liabilities</b>				
Payables	-	-	(690)	(690)
<b>Net exposure</b>	<b>782</b>	<b>-</b>	<b>99,177</b>	<b>99,959</b>

30/06/2012	Colonial First State Balanced Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	412	-	-	412
Receivables	-	-	23	23
Financial assets held for trading	-	-	111,469	111,469
<b>Financial liabilities</b>				
Payables	-	-	(86)	(86)
<b>Net exposure</b>	<b>412</b>	<b>-</b>	<b>111,406</b>	<b>111,818</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	886	-	-	886
Receivables	-	-	40	40
Financial assets held for trading	-	-	139,167	139,167
<b>Financial liabilities</b>				
Payables	-	-	(646)	(646)
<b>Net exposure</b>	<b>886</b>	<b>-</b>	<b>138,561</b>	<b>139,447</b>



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Diversified Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	951	-	-	951
Receivables	-	-	63	63
Financial assets held for trading	-	-	245,321	245,321
<b>Financial liabilities</b>				
Payables	-	-	(296)	(296)
<b>Net exposure</b>	<b>951</b>	<b>-</b>	<b>245,088</b>	<b>246,039</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	1,661	-	-	1,661
Receivables	-	-	74	74
Financial assets held for trading	-	-	293,291	293,291
<b>Financial liabilities</b>				
Payables	-	-	(1,105)	(1,105)
<b>Net exposure</b>	<b>1,661</b>	<b>-</b>	<b>292,260</b>	<b>293,921</b>

30/06/2012	Colonial First State High Growth Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	127	-	-	127
Receivables	-	-	13	13
Financial assets held for trading	-	-	45,155	45,155
<b>Financial liabilities</b>				
Payables	-	-	(46)	(46)
<b>Net exposure</b>	<b>127</b>	<b>-</b>	<b>45,122</b>	<b>45,249</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	261	-	-	261
Receivables	-	-	20	20
Financial assets held for trading	-	-	55,169	55,169
<b>Financial liabilities</b>				
Payables	-	-	(124)	(124)
<b>Net exposure</b>	<b>261</b>	<b>-</b>	<b>55,065</b>	<b>55,326</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Australian Share Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	2,890	-	-	2,890
Receivables	-	-	3,367	3,367
Financial assets held for trading	-	-	99,977	99,977
Derivatives	-	-	2,068	2,068
<b>Financial liabilities</b>				
Payables	-	-	(322)	(322)
Financial liabilities held for trading - Derivatives	-	-	(28)	(28)
<b>Net exposure</b>	<b>2,890</b>	<b>-</b>	<b>105,062</b>	<b>107,952</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	700	-	-	700
Receivables	-	-	2,523	2,523
Financial assets held for trading	-	-	137,352	137,352
Derivatives	-	-	1,177	1,177
<b>Financial liabilities</b>				
Payables	-	-	(1,152)	(1,152)
<b>Net exposure</b>	<b>700</b>	<b>-</b>	<b>139,900</b>	<b>140,600</b>

30/06/2012	Colonial First State Imputation Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	34,237	-	-	34,237
Receivables	-	-	27,327	27,327
Financial assets held for trading	-	-	1,375,197	1,375,197
Derivatives	-	-	29,756	29,756
<b>Financial liabilities</b>				
Payables	-	-	(13,219)	(13,219)
Financial liabilities held for trading - Derivatives	-	-	(314)	(314)
<b>Net exposure</b>	<b>34,237</b>	<b>-</b>	<b>1,418,747</b>	<b>1,452,984</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	32,010	-	-	32,010
Receivables	-	-	12,596	12,596
Financial assets held for trading	-	-	1,793,165	1,793,165
Derivatives	-	-	18,995	18,995
<b>Financial liabilities</b>				
Payables	-	-	(4,372)	(4,372)
<b>Net exposure</b>	<b>32,010</b>	<b>-</b>	<b>1,820,384</b>	<b>1,852,394</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Future Leaders Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	12,711	-	-	12,711
Receivables	-	-	1,318	1,318
Financial assets held for trading	-	-	521,713	521,713
<b>Financial liabilities</b>				
Payables	-	-	(2,737)	(2,737)
Financial liabilities held for trading - Derivatives	-	-	(29)	(29)
<b>Net exposure</b>	<b>12,711</b>	<b>-</b>	<b>520,265</b>	<b>532,976</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	12,124	-	-	12,124
Receivables	-	-	3,689	3,689
Financial assets held for trading	-	-	663,337	663,337
Derivatives	-	-	63	63
<b>Financial liabilities</b>				
Payables	-	-	(3,083)	(3,083)
<b>Net exposure</b>	<b>12,124</b>	<b>-</b>	<b>664,006</b>	<b>676,130</b>

30/06/2012	Colonial First State Developing Companies Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	6,943	-	-	6,943
Receivables	-	-	379	379
Financial assets held for trading	-	-	232,616	232,616
<b>Financial liabilities</b>				
Payables	-	-	(2,615)	(2,615)
<b>Net exposure</b>	<b>6,943</b>	<b>-</b>	<b>230,380</b>	<b>237,323</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	8,598	-	-	8,598
Receivables	-	-	407	407
Financial assets held for trading	-	-	273,438	273,438
Derivatives	-	-	26	26
<b>Financial liabilities</b>				
Payables	-	-	(5,256)	(5,256)
<b>Net exposure</b>	<b>8,598</b>	<b>-</b>	<b>268,615</b>	<b>277,213</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Geared Share Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	1,145	-	-	1,145
Receivables	-	-	55	55
Financial assets held for trading	-	-	169,224	169,224
<b>Financial liabilities</b>				
Payables	-	-	(494)	(494)
<b>Net exposure</b>	<b>1,145</b>	<b>-</b>	<b>168,785</b>	<b>169,930</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2,282	-	-	2,282
Receivables	-	-	150	150
Financial assets held for trading	-	-	270,077	270,077
<b>Financial liabilities</b>				
Payables	-	-	(1,564)	(1,564)
<b>Net exposure</b>	<b>2,282</b>	<b>-</b>	<b>268,663</b>	<b>270,945</b>

30/06/2012	Colonial First State Global Share Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	102	-	-	102
Receivables	-	-	11	11
Financial assets held for trading	-	-	38,013	38,013
<b>Financial liabilities</b>				
Payables	-	-	(31)	(31)
<b>Net exposure</b>	<b>102</b>	<b>-</b>	<b>37,993</b>	<b>38,095</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	135	-	-	135
Receivables	-	-	20	20
Financial assets held for trading	-	-	42,338	42,338
<b>Financial liabilities</b>				
Payables	-	-	(60)	(60)
<b>Net exposure</b>	<b>135</b>	<b>-</b>	<b>42,298</b>	<b>42,433</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Global Resources Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	706	-	-	706
Receivables	-	-	34	34
Financial assets held for trading	-	-	93,311	93,311
<b>Financial liabilities</b>				
Payables	-	-	(380)	(380)
<b>Net exposure</b>	<b>706</b>	<b>-</b>	<b>92,965</b>	<b>93,671</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2,111	-	-	2,111
Receivables	-	-	176	176
Financial assets held for trading	-	-	162,644	162,644
<b>Financial liabilities</b>				
Payables	-	-	(2,031)	(2,031)
<b>Net exposure</b>	<b>2,111</b>	<b>-</b>	<b>160,789</b>	<b>162,900</b>

30/06/2012	Colonial First State Geared Global Share Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	88	-	-	88
Receivables	-	-	8	8
Financial assets held for trading	-	-	27,725	27,725
<b>Financial liabilities</b>				
Payables	-	-	(23)	(23)
<b>Net exposure</b>	<b>88</b>	<b>-</b>	<b>27,710</b>	<b>27,798</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	111	-	-	111
Receivables	-	-	9	9
Financial assets held for trading	-	-	30,978	30,978
<b>Financial liabilities</b>				
Payables	-	-	(35)	(35)
<b>Net exposure</b>	<b>111</b>	<b>-</b>	<b>30,952</b>	<b>31,063</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Property Securities Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	365	-	-	365
Receivables	-	-	12	12
Financial assets held for trading	-	-	54,134	54,134
<b>Financial liabilities</b>				
Payables	-	-	(154)	(154)
<b>Net exposure</b>	<b>365</b>	<b>-</b>	<b>53,992</b>	<b>54,357</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	280	-	-	280
Receivables	-	-	83	83
Financial assets held for trading	-	-	63,053	63,053
<b>Financial liabilities</b>				
Payables	-	-	(129)	(129)
<b>Net exposure</b>	<b>280</b>	<b>-</b>	<b>63,007</b>	<b>63,287</b>

30/06/2012	Colonial First State Cash Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	153	-	-	153
Receivables	-	-	7	7
Financial assets held for trading	-	-	42,369	42,369
<b>Financial liabilities</b>				
Payables	-	-	(36)	(36)
<b>Net exposure</b>	<b>153</b>	<b>-</b>	<b>42,340</b>	<b>42,493</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	64	-	-	64
Receivables	-	-	157	157
Financial assets held for trading	-	-	35,296	35,296
<b>Financial liabilities</b>				
Payables	-	-	(78)	(78)
<b>Net exposure</b>	<b>64</b>	<b>-</b>	<b>35,375</b>	<b>35,439</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Premier CMT			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	10,743	-	-	10,743
Receivables	-	-	268	268
Financial assets held for trading	-	56,086	-	56,086
Derivatives	-	4	-	4
<b>Financial liabilities</b>				
Payables	-	-	(167)	(167)
Bank overdraft	(1)	-	-	(1)
<b>Net exposure</b>	<b>10,742</b>	<b>56,090</b>	<b>101</b>	<b>66,933</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	8,326	-	-	8,326
Receivables	-	-	44	44
Financial assets held for trading	-	87,674	-	87,674
<b>Financial liabilities</b>				
Payables	-	-	(519)	(519)
<b>Net exposure</b>	<b>8,326</b>	<b>87,674</b>	<b>(475)</b>	<b>95,525</b>

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Conservative Fund - Nil Entry Fee Option			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	74	-	-	74
Receivables	-	-	7	7
Financial assets held for trading	-	-	22,849	22,849
<b>Financial liabilities</b>				
Payables	-	-	(22)	(22)
<b>Net exposure</b>	<b>74</b>	<b>-</b>	<b>22,834</b>	<b>22,908</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	230	-	-	230
Receivables	-	-	9	9
Financial assets held for trading	-	-	27,473	27,473
<b>Financial liabilities</b>				
Payables	-	-	(181)	(181)
<b>Net exposure</b>	<b>230</b>	<b>-</b>	<b>27,301</b>	<b>27,531</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Balanced Fund - Nil Entry Fee Option			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	39	-	-	39
Receivables	-	-	4	4
Financial assets held for trading	-	-	11,573	11,573
<b>Financial liabilities</b>				
Payables	-	-	(11)	(11)
<b>Net exposure</b>	<b>39</b>	<b>-</b>	<b>11,566</b>	<b>11,605</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	96	-	-	96
Receivables	-	-	6	6
Financial assets held for trading	-	-	15,996	15,996
<b>Financial liabilities</b>				
Payables	-	-	(67)	(67)
<b>Net exposure</b>	<b>96</b>	<b>-</b>	<b>15,935</b>	<b>16,031</b>

30/06/2012	Colonial First State Diversified Fund - Nil Entry Fee Option			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	35	-	-	35
Receivables	-	-	4	4
Financial assets held for trading	-	-	10,020	10,020
<b>Financial liabilities</b>				
Payables	-	-	(13)	(13)
<b>Net exposure</b>	<b>35</b>	<b>-</b>	<b>10,011</b>	<b>10,046</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	76	-	-	76
Receivables	-	-	5	5
Financial assets held for trading	-	-	13,199	13,199
<b>Financial liabilities</b>				
Payables	-	-	(50)	(50)
<b>Net exposure</b>	<b>76</b>	<b>-</b>	<b>13,154</b>	<b>13,230</b>



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Imputation Fund - Nil Entry Fee Option			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	80	-	-	80
Receivables	-	-	7	7
Financial assets held for trading	-	-	20,048	20,048
<b>Financial liabilities</b>				
Payables	-	-	(35)	(35)
<b>Net exposure</b>	<b>80</b>	<b>-</b>	<b>20,020</b>	<b>20,100</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	108	-	-	108
Receivables	-	-	9	9
Financial assets held for trading	-	-	26,244	26,244
<b>Financial liabilities</b>				
Payables	-	-	(80)	(80)
<b>Net exposure</b>	<b>108</b>	<b>-</b>	<b>26,173</b>	<b>26,281</b>

30/06/2012	Colonial First State Geared Share Fund - Nil Entry Fee Option			
	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
<b>Financial assets</b>				
Cash and cash equivalents	36,734	-	-	36,734
Receivables	-	-	2,330	2,330
Financial assets held for trading	-	-	5,126,837	5,126,837
<b>Financial liabilities</b>				
Payables	-	-	(22,535)	(22,535)
<b>Net exposure</b>	<b>36,734</b>	<b>-</b>	<b>5,106,632</b>	<b>5,143,366</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Receivables	-	-	154,035	154,035
Financial assets held for trading	-	-	9,789,556	9,789,556
<b>Financial liabilities</b>				
Payables	-	-	(33,188)	(33,188)
Bank overdraft	(88,031)	-	-	(88,031)
<b>Net exposure</b>	<b>(88,031)</b>	<b>-</b>	<b>9,910,403</b>	<b>9,822,372</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Property Securities Fund - Nil Entry Fee Option			
	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
<b>Financial assets</b>				
Cash and cash equivalents	18,466	-	-	18,466
Receivables	-	-	880	880
Financial assets held for trading	-	-	2,735,748	2,735,748
<b>Financial liabilities</b>				
Payables	-	-	(6,596)	(6,596)
<b>Net exposure</b>	<b>18,466</b>	<b>-</b>	<b>2,730,032</b>	<b>2,748,498</b>
<b>30/06/2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	21,282	-	-	21,282
Receivables	-	-	1,095	1,095
Financial assets held for trading	-	-	3,449,715	3,449,715
<b>Financial liabilities</b>				
Payables	-	-	(14,938)	(14,938)
<b>Net exposure</b>	<b>21,282</b>	<b>-</b>	<b>3,435,872</b>	<b>3,457,154</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

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

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements, summarises the impact of an increase/decrease of interest rates on the Funds' operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 60 basis points (2011: +/- 60 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities.

#### (b) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the 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.

	Colonial First State Conservative Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-9.02% \$'000	9.02% \$'000
	( 2 )	2	-	-	( 7,718 )	7,718
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-9.04% \$'000	9.04% \$'000
	( 5 )	5	-	-	( 9,031 )	9,031
30/06/2011						

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Summarised Sensitivity Analysis (continued)

	Colonial First State Balanced Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-13.31% \$'000	13.31% \$'000
	( 2 )	2	-	-	( 14,837 )	14,837
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-13.37% \$'000	13.37% \$'000
	( 5 )	5	-	-	( 18,614 )	18,614
30/06/2011						

	Colonial First State Diversified Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-16.91% \$'000	16.91% \$'000
	( 6 )	6	-	-	( 41,494 )	41,494
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-17.05% \$'000	17.05% \$'000
	( 10 )	10	-	-	( 50,009 )	50,009
30/06/2011						

	Colonial First State High Growth Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-23.65% \$'000	23.65% \$'000
	( 1 )	1	-	-	( 10,679 )	10,679
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-24.13% \$'000	24.13% \$'000
	( 2 )	2	-	-	( 13,312 )	13,312
30/06/2011						

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Summarised Sensitivity Analysis (continued)

	Colonial First State Australian Share Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-24.07% \$'000	24.07% \$'000
	( 17)	17	-	-	( 24,053)	24,053
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-24.51% \$'000	24.51% \$'000
	( 4)	4	-	-	( 33,676)	33,676
30/06/2011						

	Colonial First State Imputation Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-24.00% \$'000	24.00% \$'000
	( 205)	205	-	-	( 329,997)	329,997
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-24.57% \$'000	24.57% \$'000
	( 192)	192	-	-	( 440,790)	440,790
30/06/2011						

	Colonial First State Future Leaders Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-25.40% \$'000	25.40% \$'000
	( 76)	76	( 330)	330	( 132,498)	132,498
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-25.90% \$'000	25.90% \$'000
	( 73)	73	( 234)	234	( 171,850)	171,850
30/06/2011						

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Summarised Sensitivity Analysis (continued)

	Colonial First State Developing Companies Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-25.61% \$'000	25.61% \$'000
	( 42)	42	( 65)	65	( 59,574)	59,574
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-26.02% \$'000	26.02% \$'000
	( 52)	52	( 50)	50	( 71,146)	71,146
30/06/2011						

	Colonial First State Geared Share Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-25.70% \$'000	25.70% \$'000
	( 7)	7	-	-	( 43,491)	43,491
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-26.10% \$'000	26.10% \$'000
	( 14)	14	-	-	( 70,490)	70,490
30/06/2011						

	Colonial First State Global Share Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-21.60% \$'000	21.60% \$'000
	( 1)	1	-	-	( 8,211)	8,211
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-21.60% \$'000	21.60% \$'000
	( 1)	1	-	-	( 9,145)	9,145
30/06/2011						

# **COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

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

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

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

	Colonial First State Global Resources Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-21.60% \$'000	21.60% \$'000
	( 4 )	4	-	-	( 20,155 )	20,155
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-21.60% \$'000	21.60% \$'000
	( 13 )	13	-	-	( 35,131 )	35,131
30/06/2011						

	Colonial First State Geared Global Share Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-21.60% \$'000	21.60% \$'000
	( 1 )	1	-	-	( 5,989 )	5,989
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-21.60% \$'000	21.60% \$'000
	( 1 )	1	-	-	( 6,691 )	6,691
30/06/2011						

	Colonial First State Property Securities Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-17.40% \$'000	17.40% \$'000
	( 2 )	2	-	-	( 9,419 )	9,419
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-17.60% \$'000	17.60% \$'000
	( 2 )	2	-	-	( 11,097 )	11,097
30/06/2011						

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Summarised Sensitivity Analysis (continued)

	Colonial First State Cash Fund					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-0.60% \$'000	0.60% \$'000
	( 1)	1	-	-	( 254)	254
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-0.60% \$'000	0.60% \$'000
	-	-	-	-	( 212)	212
30/06/2011						

	Colonial First State Premier CMT					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	0.00% \$'000	0.00% \$'000
	( 401)	401	-	-	-	-
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	0.00% \$'000	0.00% \$'000
	( 576)	576	-	-	-	-
30/06/2011						

	Colonial First State Conservative Fund - Nil Entry Fee Option					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-9.02% \$'000	9.02% \$'000
	-	-	-	-	( 2,061)	2,061
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-9.05% \$'000	9.05% \$'000
	( 1)	1	-	-	( 2,485)	2,485
30/06/2011						



# **COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

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

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

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

	Colonial First State Balanced Fund - Nil Entry Fee Option					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-13.31% \$'000	13.31% \$'000
	-	-	-	-	( 1,540)	1,540
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-13.38% \$'000	13.38% \$'000
	( 1)	1	-	-	( 2,140)	2,140
30/06/2011						

	Colonial First State Diversified Fund - Nil Entry Fee Option					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-16.92% \$'000	16.92% \$'000
	-	-	-	-	( 1,695)	1,695
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-17.05% \$'000	17.05% \$'000
	-	-	-	-	( 2,250)	2,250
30/06/2011						

	Colonial First State Imputation Fund - Nil Entry Fee Option					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-25.70% \$'000	25.70% \$'000
	-	-	-	-	( 5,152)	5,152
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-26.10% \$'000	26.10% \$'000
	( 1)	1	-	-	( 6,850)	6,850
30/06/2011						

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Summarised Sensitivity Analysis (continued)

	Colonial First State Geared Share Fund - Nil Entry Fee Option					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points	+60 basis points	-9.30%	9.30%	-25.70%	25.70%
	\$	\$	\$	\$	\$	\$
	( 220)	220	-	-	( 1,317,597)	1,317,597
	-60 basis points	+60 basis points	-10.10%	10.10%	-26.10%	26.10%
30/06/2011	\$	\$	\$	\$	\$	\$
	-	-	-	-	( 2,555,074)	2,555,074

	Colonial First State Property Securities Fund - Nil Entry Fee Option					
30/06/2012	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-60 basis points	+60 basis points	-9.30%	9.30%	-17.40%	17.40%
	\$	\$	\$	\$	\$	\$
	( 111)	111	-	-	( 476,020)	476,020
	-60 basis points	+60 basis points	-10.10%	10.10%	-17.60%	17.60%
30/06/2011	\$	\$	\$	\$	\$	\$
	( 128)	128	-	-	( 607,150)	607,150

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Credit risk

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

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

The Colonial First State Premier CMT invest in debt securities which have an investment grade as rated by the Standard & Poor's rating agency. For unrated assets a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies.

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

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

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets and the contract/notional amount of the OTC derivatives. An analysis of debt securities by rating is set out in the table below for the Colonial First State Premier CMT which have such securities.

	<b>Colonial First State Premier CMT</b>	
	<b>30/06/2012 \$'000</b>	<b>30/06/2011 \$'000</b>
<b>Rating</b>		
AAA	40,101	86,323
A	15,984	-
Non rated	-	1,351
<b>Total</b>	<b>56,085</b>	<b>87,674</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Liquidity risk

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

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

Certain Funds may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, these Funds may not be able to quickly liquidate 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 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>30/06/2012</b>							
Derivatives:							
Inflows	-	-	-	-	-	-	-
(Outflows)	-	(28)	-	-	-	-	(28)
<b>30/06/2011</b>							
Derivatives:							
Inflows	-	18	-	-	-	-	18
(Outflows)	-	-	-	-	-	-	-

# **COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

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

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

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

	Colonial First State Imputation 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>30/06/2012</b>							
Derivatives:							
Inflows	-	-	-	-	-	-	-
(Outflows)	-	(314)	-	-	-	-	(314)
<b>30/06/2011</b>							
Derivatives:							
Inflows	-	504	-	-	-	-	504
(Outflows)	-	-	-	-	-	-	-

	Colonial First State Future Leaders 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>30/06/2012</b>							
Derivatives:							
Inflows	-	-	-	-	-	-	-
(Outflows)	-	(29)	-	-	-	-	(29)
<b>30/06/2011</b>							
Derivatives:							
Inflows	-	63	-	-	-	-	63
(Outflows)	-	-	-	-	-	-	-

	Colonial First State Developing Companies 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>30/06/2012</b>							
Derivatives:							
Inflows	-	-	-	-	-	-	-
(Outflows)	-	-	-	-	-	-	-
<b>30/06/2011</b>							
Derivatives:							
Inflows	-	26	-	-	-	-	26
(Outflows)	-	-	-	-	-	-	-

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 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 under "Summary of Significant Accounting Policies" note to the financial statements. 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 by certain Funds 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 of such funds.

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 sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

As a result of the developments in global markets, generally known as the global financial crisis, liquidity in some investment markets has decreased significantly. As a result, the volume of trading in some of the investments held by the Funds has decreased significantly, and accordingly the valuation of those investments is subject to a greater uncertainty and requires greater judgement than would be the case in normal investment market conditions.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business certain Funds 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 these Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

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

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

Certain Funds hold the following derivative instruments:

#### (a) Futures

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

#### (b) 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. These Funds recognise a gain or loss equal to the change in fair value at the end of each reporting period.

Where the Funds invest into derivative financial instruments and/or securities sold short, cash and securities may be held by the broker as collateral in order to meet margin calls.

The Funds' derivative financial instruments at reporting period end are detailed below:

	Colonial First State Australian Share Fund					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
		30/06/2012			30/06/2011	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Share price index futures	5,680	-	(28)	1,955	18	-
- Warrants	-	2,068	-	-	1,159	-
	5,680	2,068	(28)	1,955	1,177	-

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Colonial First State Imputation Fund					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
		30/06/2012			30/06/2011	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Share price index futures	38,542	-	(314)	35,888	504	-
- Warrants	-	29,756	-	-	18,491	-
	38,542	29,756	(314)	35,888	18,995	-

	Colonial First State Future Leaders Fund					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
		30/06/2012			30/06/2011	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Share price index futures	2,738	-	(29)	3,911	63	-
	2,738	-	(29)	3,911	63	-

	Colonial First State Developing Companies Fund					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
		30/06/2012			30/06/2011	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Share price index futures	-	-	-	5,406	26	-
	-	-	-	5,406	26	-

	Colonial First State Premier CMT					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
		30/06/2012			30/06/2011	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Interest rate futures	(2,902)	4	-	-	-	-
	(2,902)	4	-	-	-	-



# **COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

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

### **11. SEGMENT INFORMATION**

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

### **12. CONTINGENT LIABILITIES AND COMMITMENTS**

As at 30 June 2012, the Funds did not have any contingent liabilities or commitments (30 June 2011 - None).

### **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 2012 or on the results and cash flows of the Funds for the reporting period ended on that date.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' DECLARATION FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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

- a) the financial statements and notes to the financial statements of the Colonial First State Managed Investment Funds ("the Funds") 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 2012 and of their performance 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.



Bradley Brian Massey  
Director  
Sydney  
31 August 2012



## **Independent auditor's report to the unitholders of Colonial First State Managed Investment Funds**

### ***Report on the financial report***

We have audited the accompanying financial report of Colonial First State Managed Investment Funds (the Funds), which comprises the balance sheets as at 30 June 2012, and 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.

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

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

### ***Auditor's responsibility***

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

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

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

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

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



### *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 Managed Investment 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 2012 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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PricewaterhouseCoopers

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

A J Wilson  
Partner

31 August 2012

# **COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

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

**Responsible Entity of the Fund**

**COLONIAL FIRST STATE INVESTMENTS LIMITED**

**ABN: 98 002 348 352**

Ground Floor Tower 1, Sussex Street  
SYDNEY NSW 2000

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

Represented by:

*ARSN*

Colonial First State Global Health & Biotechnology Fund  
Colonial First State Global Technology & Communications Fund

92 203 668  
89 744 856

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2012

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Managed Investment Funds ("the Funds"), present their report together with the financial report of the Funds for the financial period ended 30 June 2012.

### Reporting Period

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

### Principal Activities

This financial report consists of two managed funds belonging to the family of Funds known as the Colonial First State Managed Investment Funds. Each of the two Funds have also produced consolidated financial statements which incorporate the Funds that they have controlled during the reporting period.

Colonial First State Global Health & Biotechnology Fund  
Colonial First State Global Technology & Communications Fund

The principal activities of the Funds are to invest in accordance with the investment objectives and guidelines as set out in the current Product Disclosure Statements and in accordance with the provisions of the Funds' Constitutions.

The Funds achieve their exposure to the investment markets through investments in registered schemes managed by the Responsible Entity.

### Principles of Consolidation

The Funds ("the Parent Entities") have produced consolidated financial reports incorporating the financial statements of their subsidiaries ("the Group"). The Parent Entities and their subsidiaries are referred to in the financial statements as the Consolidated Entities.

Subsidiaries are all those entities over which the Parent Entity has a control. Subsidiaries are consolidated from the date on which control is obtained and cease to be consolidated from the date that a loss of control can clearly be demonstrated. The financial statements of subsidiaries are prepared for the same reporting period as their Parent Entities, using consistent accounting policies.

The Parent Entities and their subsidiaries in this financial report are:

Parent Entity	Subsidiary
Colonial First State Global Health & Biotechnology Fund	Colonial First State Wholesale Global Health & Biotechnology Fund
Colonial First State Global Technology & Communications Fund	Colonial First State Wholesale Global Technology & Communications Fund



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2012

### Date of Constitution and Registration of Funds

The Funds in this financial report and the dates of their Constitution and registration with the Australian Securities and Investments Commission are as follows:

	Date of Constitution	Date of Registration
Colonial First State Global Health & Biotechnology Fund	22/03/2000	3/04/2000
Colonial First State Global Technology & Communications Fund	27/09/1999	7/10/1999

### Review of Operations

The results of the Funds for the period were as follows:

#### Income

The Funds did not distribute any income for the period ended 30 June 2012 and 30 June 2011.

#### 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. Please refer to the current Product Disclosure Statements for the Colonial First State Managed Investment Funds for details of the current sell spreads for the Funds.

The following unit prices represent the ex-distribution exit unit prices as at 30 June 2012, together with comparative unit prices as at 30 June 2011:

	30/06/2012 \$	30/06/2011 \$
Colonial First State Global Health & Biotechnology Fund	0.7809	0.7049
Colonial First State Global Technology & Communications Fund	0.5150	0.4957

#### Performance

The performance figures below for the Funds of the Parent Entities have been calculated on an exit price to exit price basis and do not take into account initial application fees.

	Period ended June 2012 %	Period ended June 2011 %
Colonial First State Global Health & Biotechnology Fund	10.78	4.54
Colonial First State Global Technology & Communications Fund	3.89	5.90

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2012

### 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:

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

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

### Scheme Information

The 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% in the unit price before correcting the unit price.

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

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

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

### Significant Changes in the State of Affairs

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2012

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

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

- (i) the operations of the 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.

### Likely Developments and Expected Results of Operations

The Funds will continue to pursue their current investment policies in accordance with the objectives as set out in the current Product Disclosure Statements and the Funds' Constitutions.

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

### Indemnification and Insurance Premiums for Officers and Auditors

No insurance premiums are paid for out of the assets of the Funds in relation to insurance cover provided to the officers of Colonial First State Investments Limited or the auditors 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 Funds. The auditors of the Funds are 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.

### 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 Note "Distribution to Unitholders" to the financial statements. The value of the Funds' assets at the end of the financial period are set out in the Balance Sheets.

### 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 significant breaches of any other environmental requirements applicable to the Funds.

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

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

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

No interests in the Funds were held by the Responsible Entity or its associates at the end of the financial period.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2012

### 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 Australian Securities & Investments Commission (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 that Class Order, unless otherwise indicated.

### 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.

### Parent Entity Disclosures

The Funds have adopted the provisions noted in class order 10/654 issued by the Australian Securities & Investments Commission that allows registered schemes that present consolidated financial statements to include parent entity financial statements as part of their financial report under Chapter 2M of the Corporations Act 2001.

### Auditor's Independence Declaration

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

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



Bradley Brian Massey  
Director  
Sydney  
31 August 2012



## Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Managed Investment Funds for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Colonial First State Managed Investment Funds and the entities they controlled during the year.

A handwritten signature in dark ink, appearing to read 'A J Wilson', with a long horizontal stroke extending to the right.

A J Wilson  
Partner  
PricewaterhouseCoopers

31 August 2012

**COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

		Colonial First State Global Health & Biotechnology Fund			
		Consolidated		Parent	
		1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
	Notes				
<b>Investment income</b>					
Interest income	3	18	19	1	1
Dividend income		231	280	-	-
Changes in fair value of financial instruments held for trading		2,116	1,106	1,190	570
Other income		47	1	-	-
Net foreign exchange gain/(loss)		3	(127)	-	-
<b>Total investment gain</b>		<b>2,415</b>	<b>1,279</b>	<b>1,191</b>	<b>571</b>
<b>Expenses</b>					
Responsible Entity's management fees	8(c)	318	340	97	106
Custody fees		6	4	-	-
Expenses recharged		2	-	2	-
Brokerage costs		7	11	-	-
Other expenses		2	-	-	-
<b>Total operating expenses</b>		<b>335</b>	<b>355</b>	<b>99</b>	<b>106</b>
<b>Operating profit attributable to unitholders</b>		<b>2,080</b>	<b>924</b>	<b>1,092</b>	<b>465</b>
Changes in net assets attributable to minority interest from operations		(988)	(459)	-	-
Net transfer (to)/from unitholders' funds	6(a)	(1,092)	(465)	(1,092)	(465)
Net profit available for distribution		-	-	-	-
Distributions to unitholders	4	-	-	-	-
Distribution to minority interest		-	-	-	-
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</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 MANAGED INVESTMENT FUNDS**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

		Colonial First State Global Technology & Communications Fund			
		Consolidated		Parent	
		1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
	Notes				
<b>Investment income</b>					
Interest income	3	19	24	1	2
Dividend income		217	310	-	-
Distribution Income		-	-	-	44
Changes in fair value of financial instruments held for trading		860	1,377	546	871
Other income		9	2	-	-
Net foreign exchange gain/(loss)		26	(56)	-	-
<b>Total investment gain</b>		<b>1,131</b>	<b>1,657</b>	<b>547</b>	<b>917</b>
<b>Expenses</b>					
Responsible Entity's management fees	8(c)	319	353	106	121
Custody fees		5	4	-	-
Expenses recharged		2	-	2	-
Brokerage costs		24	24	-	-
Other expenses		27	1	-	-
<b>Total operating expenses</b>		<b>377</b>	<b>382</b>	<b>108</b>	<b>121</b>
<b>Operating profit attributable to unitholders</b>		<b>754</b>	<b>1,275</b>	<b>439</b>	<b>796</b>
Changes in net assets attributable to minority interest from operations		(315)	(455)	-	-
Net transfer (to)/from unitholders' funds	6(a)	(439)	(796)	(439)	(796)
Net profit available for distribution		-	24	-	-
Distributions to unitholders	4	-	-	-	-
Distribution to minority interest		-	(24)	-	-
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</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 MANAGED INVESTMENT FUNDS

## BALANCE SHEETS AS AT 30 JUNE 2012

		Colonial First State Global Health & Biotechnology Fund			
	Note	Consolidated		Parent	
		30/06/2012 \$'000	30/06/2011 \$'000	30/06/2012 \$'000	30/06/2011 \$'000
<b>Assets</b>					
Cash and cash equivalents	7	764	777	37	33
Trade and other receivables:					
- outstanding sales settlement		89	-	-	-
- application monies		-	12	-	5
- dividends		15	19	-	-
- interests		1	2	-	-
- others		11	12	3	4
Financial assets held for trading	5	20,463	20,060	11,497	11,600
<b>Total assets</b>		<b>21,343</b>	<b>20,882</b>	<b>11,537</b>	<b>11,642</b>
<b>Liabilities</b>					
Trade and other payables:					
- outstanding purchase settlements		128	-	-	-
- redemptions		-	3	-	3
Fees due to Responsible Entity	8(c)	31	31	9	10
Financial liabilities held for trading	5	-	43	-	-
Minority Interest		9,656	9,176	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>9,815</b>	<b>9,253</b>	<b>9</b>	<b>13</b>
<b>Net assets attributable to unitholders - liability</b>	6(a)	<b>11,528</b>	<b>11,629</b>	<b>11,528</b>	<b>11,629</b>

### Net assets attributable to unitholders is represented by:

Fair value of outstanding units based on redemption value	11,528	11,629
Adjustments arising from different unit pricing and AIFRS valuation principles	-	-
Buy sell spread	-	-
Under or (over) distributions	-	-
Adjustments to period end accruals	-	-
<b>Net assets attributable to unitholders</b>	<b>11,528</b>	<b>11,629</b>

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



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## BALANCE SHEETS AS AT 30 JUNE 2012

		Colonial First State Global Technology & Communications Fund			
		Consolidated		Parent	
	Note	30/06/2012 \$'000	30/06/2011 \$'000	30/06/2012 \$'000	30/06/2011 \$'000
<b>Assets</b>					
Cash and cash equivalents	7	958	734	39	39
Trade and other receivables:					
- outstanding sales settlement		100	127	-	-
- application monies		-	11	-	8
- dividends		11	19	-	-
- interests		1	2	-	-
- others		12	11	4	3
Financial assets held for trading	5	18,091	19,063	11,947	12,852
<b>Total assets</b>		<b>19,173</b>	<b>19,967</b>	<b>11,990</b>	<b>12,902</b>
<b>Liabilities</b>					
Trade and other payables:					
- outstanding purchase settlements		116	110	-	-
- redemptions		-	7	-	7
- others		-	1	-	-
Distribution payable		-	4	-	-
Fees due to Responsible Entity	8(c)	29	31	10	11
Minority Interest		7,048	6,930	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>7,193</b>	<b>7,083</b>	<b>10</b>	<b>18</b>
<b>Net assets attributable to unitholders - liability</b>	6(a)	<b>11,980</b>	<b>12,884</b>	<b>11,980</b>	<b>12,884</b>

### Net assets attributable to unitholders is represented by:

Fair value of outstanding units based on redemption value	11,980	12,884
Adjustments arising from different unit pricing and AIFRS valuation principles	-	-
Buy sell spread	-	-
Under or (over) distributions	-	-
Adjustments to period end accruals	-	-
<b>Net assets attributable to unitholders</b>	<b>11,980</b>	<b>12,884</b>

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

## **COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

### **STATEMENTS OF CHANGES IN EQUITY FOR THE REPORTONG PERIOD ENDED 30 JUNE 2012**

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.

**COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

**CASH FLOW STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

	Colonial First State Global Health & Biotechnology Fund			
	Consolidated		Parent	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
<b>Cash flows from operating activities</b>				
Proceeds from sale of financial instruments held for trading	7,914	10,960	1,481	2,096
Payments for purchase of financial instruments held for trading	(6,207)	(7,875)	(187)	(158)
Interest received	19	19	1	1
Dividends received	235	278	-	-
Other income received	45	-	-	-
Responsible Entity fee paid	(318)	(336)	(98)	(102)
Other expenses (paid)/refund	(8)	(8)	(3)	2
Payment for brokerage costs	(7)	(11)	-	-
<b>Net cash from operating activities</b> 7(a)	1,673	3,027	1,194	1,839
<b>Cash flows from financing activities</b>				
Receipts from issue of units	945	639	322	295
Payment for redemption of units	(2,625)	(3,592)	(1,512)	(2,145)
<b>Net cash used in financing activities</b>	(1,680)	(2,953)	(1,190)	(1,850)
<b>Net movement in cash and cash equivalents</b>	(7)	74	4	(11)
Effects of exchange rate changes	(6)	-	-	-
Add opening cash and cash equivalents brought forward	777	703	33	44
<b>Closing cash and cash equivalents carried forward</b>	764	777	37	33

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

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

**COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS**

**CASH FLOW STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

	<b>Colonial First State Global Technology &amp; Communications Fund</b>			
	<b>Consolidated</b>		<b>Parent</b>	
	<b>1/07/2011 - 30/06/2012 \$'000</b>	<b>1/07/2010 - 30/06/2011 \$'000</b>	<b>1/07/2011 - 30/06/2012 \$'000</b>	<b>1/07/2010 - 30/06/2011 \$'000</b>
<b>Cash flows from operating activities</b>				
Proceeds from sale of financial instruments held for trading	30,381	23,292	1,656	2,246
Payments for purchase of financial instruments held for trading	(28,490)	(21,743)	(205)	(219)
Interest received	19	24	1	2
Dividends received	224	300	-	-
Other income received	9	2	-	-
Responsible Entity fee paid	(320)	(354)	(107)	(122)
Other expenses paid	(34)	(7)	(2)	-
Payment for brokerage costs	(24)	(24)	-	-
<b>Net cash from operating activities</b> 7(a)	<b>1,765</b>	<b>1,490</b>	<b>1,343</b>	<b>1,907</b>
<b>Cash flows from financing activities</b>				
Receipts from issue of units	1,003	1,627	418	398
Payment for redemption of units	(2,533)	(3,279)	(1,761)	(2,311)
Distributions paid	(4)	(10)	-	-
<b>Net cash used in financing activities</b>	<b>(1,534)</b>	<b>(1,662)</b>	<b>(1,343)</b>	<b>(1,913)</b>
<b>Net movement in cash and cash equivalents</b>	<b>231</b>	<b>(172)</b>	<b>-</b>	<b>(6)</b>
Effects of exchange rate changes	(7)	-	-	-
Add opening cash and cash equivalents brought forward	734	906	39	45
<b>Closing cash and cash equivalents carried forward</b>	<b>958</b>	<b>734</b>	<b>39</b>	<b>39</b>

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

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

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

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

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

The financial report was authorised for issue by the Directors of the Responsible Entity on 24 August 2012. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

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

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

#### (b) Statement of Compliance

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

#### (c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Entities and their subsidiaries ("the Group").

Subsidiaries are all those entities over which the parent entity has control. The financial statements of subsidiaries are prepared for the same reporting period as their Parent Entities, using consistent accounting policies.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Parent Entity. The purchase method measures the acquiree's assets and liabilities at their fair value at acquisition date.

All inter-fund balances and transactions, including unrealised profits arising from intra-group transactions have been eliminated in full.

Minority interest in the net profit and net assets of subsidiaries are shown separately in the Statement of Comprehensive Incomes and Balance Sheets respectively.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

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

##### *Classification*

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

##### *Recognition/Derecognition*

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

The derecognition of a financial instrument takes place when the Funds no longer control the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

##### *Measurement*

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

For financial assets and financial liabilities 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 Fund's Responsible Entity.

Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Incomes. 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 MANAGED INVESTMENT FUNDS

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

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

#### (e) Investment Income

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

##### *Dividend and Distribution income*

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

##### *Interest income*

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

##### *Changes in fair value of financial assets and liabilities held for trading*

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

#### (f) Cash and cash equivalents

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

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

#### (g) 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.

#### (h) 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.

#### (i) 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 MANAGED INVESTMENT FUNDS

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

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

#### (j) Distributions

In accordance with the Funds' Constitutions, the Funds fully distribute their distributable income to unitholders. Distributions are payable at the end of each month, quarter or half-year. Such distributions are determined by reference to the taxable income of the Funds. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

#### (k) Transfers to/from Unitholders' Funds

Transfers to/from unitholders' funds may consist of unrealised changes in the fair value of investments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Transfers to/from unitholders' funds may consist of any under or over distribution of income to unitholders for the period. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to unitholders' funds) and accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax.

#### (l) Unit Prices

Unit prices are determined in accordance with the Funds' Constitutions 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.

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

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

- receive income distributions;
- attend and vote at meetings of unitholders;
- participate in the termination and winding up of the Funds; and
- have their units redeemed. However the Responsible Entity may suspend the redemption of units in the circumstances set out in the Constitution or when the Funds are not liquid.

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

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

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

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheets.

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



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

#### (o) Expense Recognition

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

##### *Dividend Expense - short sell*

Dividend expenses on shares sold short are recognised when the Fund has an obligation to pay the dividend. This is generally when the dividend is declared by the Company whose shares have been sold short.

#### (p) 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. Pricing models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

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

#### (q) Foreign Currency

##### *Foreign Currency Transactions*

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

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

##### *Foreign Currency Translations*

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

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.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

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

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

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

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

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

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

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

#### (s) Comparatives

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

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

Under the terms of the Funds' constitutions, unitholders have a present entitlement to the distributable income of the Funds and therefore 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.

#### (u) 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 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.

#### (v) Applications and redemptions

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 2. AUDITORS' REMUNERATION

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

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

### 3. INTEREST INCOME

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

The Funds did not distribute during the period as they have no distributable income.

### 5. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING INCLUDING HIERARCHY

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

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

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

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

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

The various methods adopted in determining the fair value of the Funds' financial instruments are further explained in the 'Summary of Accounting Policies' note to the financial statements.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Global Health & Biotechnology Fund			
	Consolidated			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	20,440	20,299	141	-
Derivatives	23	-	23	-
<b>Total Assets Held for Trading</b>	<b>20,463</b>	<b>20,299</b>	<b>164</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>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	20,022	20,022	-	-
Derivatives	38	-	38	-
<b>Total Assets Held for Trading</b>	<b>20,060</b>	<b>20,022</b>	<b>38</b>	<b>-</b>
<b>Financial Liabilities Held for Trading:</b>				
Derivatives	(43)	-	(43)	-
<b>Total Liabilities Held for Trading</b>	<b>(43)</b>	<b>-</b>	<b>(43)</b>	<b>-</b>

30/06/2012	Colonial First State Global Health & Biotechnology Fund			
	Parent			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Managed Investment Schemes	11,497	11,497	-	-
<b>Total Assets Held for Trading</b>	<b>11,497</b>	<b>11,497</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Managed Investment Schemes	11,600	11,600	-	-
<b>Total Assets Held for Trading</b>	<b>11,600</b>	<b>11,600</b>	<b>-</b>	<b>-</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

30/06/2012	Colonial First State Global Technology & Communications Fund			
	Consolidated			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	18,091	18,091	-	-
<b>Total Assets Held for Trading</b>	<b>18,091</b>	<b>18,091</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Listed Equities	19,063	19,026	37	-
<b>Total Assets Held for Trading</b>	<b>19,063</b>	<b>19,026</b>	<b>37</b>	<b>-</b>

30/06/2012	Colonial First State Global Technology & Communications Fund			
	Parent			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Managed Investment Schemes	11,947	11,947	-	-
<b>Total Assets Held for Trading</b>	<b>11,947</b>	<b>11,947</b>	<b>-</b>	<b>-</b>
30/6/2011	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Managed Investment Schemes	12,852	12,852	-	-
<b>Total Assets Held for Trading</b>	<b>12,852</b>	<b>12,852</b>	<b>-</b>	<b>-</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 and market movements.

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

As stipulated within the 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 Global Health & Biotechnology Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No. '000	\$'000	No. '000	\$'000
Opening balance	16,498	11,629	19,273	12,995
Applications	446	317	453	300
Redemptions	(2,180)	(1,510)	(3,228)	(2,132)
Units issued upon reinvestment of distributions	-	-	-	-
Change in net assets attributable to unitholders from operations		1,092		466
<b>Closing Balance</b>	<b>14,764</b>	<b>11,528</b>	<b>16,498</b>	<b>11,629</b>

	Colonial First State Global Technology & Communications Fund			
	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No. '000	\$'000	No. '000	\$'000
Opening balance	25,993	12,884	29,899	13,995
Applications	832	411	822	406
Redemptions	(3,565)	(1,754)	(4,728)	(2,313)
Units issued upon reinvestment of distributions	-	-	-	-
Change in net assets attributable to unitholders from operations		439		796
<b>Closing Balance</b>	<b>23,260</b>	<b>11,980</b>	<b>25,993</b>	<b>12,884</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 "Fair Value Hierarchy of Financial Assets and Liabilities" note to the financial statements.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 7. CASH AND CASH EQUIVALENTS

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

	Colonial First State Global Health & Biotechnology Fund			
	Consolidated		Parent	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Net profit attributable to unitholders and minority interest	2,080	924	1,092	466
Distributions to unitholders	-	-	-	-
Proceeds from sale of financial instruments held for trading	7,914	10,960	1,481	2,096
Payments for purchase of financial instruments held for trading	(6,207)	(7,875)	(187)	(158)
Changes in fair value of financial instruments held for trading	(2,116)	(1,106)	(1,190)	(570)
Net foreign exchange gain/(loss)	(3)	127	-	-
Changes in assets and liabilities:				
Receivables and other assets	5	3	(2)	5
Payables and other liabilities	-	(6)	-	(1)
<b>Net Cash From Operating Activities</b>	<b>1,673</b>	<b>3,027</b>	<b>1,194</b>	<b>1,838</b>

	Colonial First State Global Technology & Communications Fund			
	Consolidated		Parent	
	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000	1/07/2011 - 30/06/2012 \$'000	1/07/2010 - 30/06/2011 \$'000
Net profit attributable to unitholders and minority interest	754	1,275	439	796
Distributions to unitholders	-	-	-	-
Proceeds from sale of financial instruments held for trading	30,381	23,292	1,656	2,246
Payments for purchase of financial instruments held for trading	(28,490)	(21,743)	(205)	(219)
Changes in fair value of financial instruments held for trading	(860)	(1,377)	(546)	(871)
Dividend/Distribution income reinvested	-	(2)	-	(44)
Net foreign exchange gain/(loss)	(26)	56	-	-
Changes in assets and liabilities:				
Receivables and other assets	8	(6)	-	-
Payables and other liabilities	(2)	(5)	(1)	(1)
<b>Net Cash From Operating Activities</b>	<b>1,765</b>	<b>1,490</b>	<b>1,343</b>	<b>1,907</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

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

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

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

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

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



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES

#### (a) Responsible Entity

The Responsible Entity of the 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:

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

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

No amounts are paid by the 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 MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

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

Under the terms of the 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 Income Statements reflect only the amount of fees charged directly to the respective Funds.

The management fees rate charged for the following Parent Entities for the period are as follows:

	<b>2012 Management Fees %</b>	<b>2011 Management Fees %</b>
Colonial First State Global Health & Biotechnology Fund	2.05	2.05
Colonial First State Global Technology & Communications Fund	2.05	2.05

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 (rebated)/charged for the Parent Entities for the periods ended 30 June 2012 and 30 June 2011 are as follows:

	<b>2/07/2011 - 30/06/2012 \$</b>	<b>2/07/2010 - 1/07/2011 \$</b>
Colonial First State Global Health & Biotechnology Fund	97,455	105,774
Colonial First State Global Technology & Communications Fund	106,423	121,426

Fees due to/(from) the Responsible Entity for the Funds of the Parent Entities as at periods ended 30 June 2012 and 30 June 2011 are as follows:

	<b>2012 \$</b>	<b>2011 \$</b>
Colonial First State Global Health & Biotechnology Fund	9,344	9,523
Colonial First State Global Technology & Communications Fund	9,711	10,530

#### (d) Management Expenses Recharged

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 .02% of the net assets of the Funds. The amount recharged is disclosed under "Expenses Recharged" in the Statements of Comprehensive Income".

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (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) Related Party Investments of the Funds

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

Colonial First State Investments Limited and its associates in the Funds of the Parent Entities held no interests in the Funds for the period ended 30 June 2011 and 30 June 2010.

#### (g) Related Party Transactions

Transactions between the Funds and other registered Funds, which are also managed by the Responsible Entity, consisted of the sale of units in the Funds to related Managed Investment Schemes, purchases of units in related Managed Investment Schemes, and receipt and payment of distributions on normal commercial terms and conditions.

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

#### Terms and conditions of transactions with related parties

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

#### Guarantees

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

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 8. RELATED PARTIES DISCLOSURES

#### (h) Investing Activities

##### Managed Investment Schemes

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

Investment Name	Units Held at Period End No.'000	Value of Investment at Period End \$'000	Interest held in Investment at Period End %	Units Acquired During Period No.'000	Units Disposed During Period No.'000	Distribution Received \$'000
-----------------	-------------------------------------	---	--	---	---	---------------------------------

##### Colonial First State Global Health & Biotechnology Fund

Units held in:

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

- 2012	13,019	11,497	54.44	234	1,904	-
- 2011	14,689	11,600	55.91	213	2,843	-

##### Colonial First State Global Technology & Communications Fund

Units held in:

##### Colonial First State Wholesale Global Technology & Communications Fund

- 2012	20,684	11,947	62.97	372	3,017	-
- 2011	23,329	12,852	65.05	480	4,133	44

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 9. SEGMENT INFORMATION

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

### 10. FINANCIAL RISK MANAGEMENT

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

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

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

#### (a) Market Risk

##### (i) Price risk

The Funds' financial assets are either directly or indirectly exposed to price risk. This arises from investments held by the Funds for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short and certain derivatives, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

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

The Investment Managers mitigate price risk through diversification and a careful selection of securities and other financial instruments within specified limits and guidelines in accordance with the Product Disclosure Statement/Information Memorandum or Constitutions and are regularly monitored by the Compliance 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 30 June 2012 and 30 June 2011. 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. Funds that invest in various asset classes, such as multi-sector Funds, will have a weighted average movement calculated based on the proportion of their investments in those classes.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

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

#### (ii) Foreign exchange risk

Certain Funds hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk 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.

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

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

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

30/06/2012	Colonial First State Global Health & Biotechnology Fund				
	United States Dollar	Japanese Yen	European Euro	Hong Kong Dollar	Others
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
<b>Consolidated</b>					
Cash and cash equivalents	216	-	-	-	1
Receivables	104	-	-	-	-
Financial assets held for trading	18,896	1,010	373	96	80
Payables	( 128)	-	-	-	-
	19,088	1,010	373	96	81
Net increase/decrease in exposure from:					
- foreign currency contract	513	( 489)	-	-	-
	19,601	521	373	96	81
<b>Parent</b>					
Cash and cash equivalents	-	-	-	-	-
Receivables	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-
Payables	-	-	-	-	-
	-	-	-	-	-
Net increase/decrease in exposure from:					
- foreign currency contract	-	-	-	-	-
	-	-	-	-	-

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

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

#### (ii) Foreign exchange risk (continued)

30/06/2011	Colonial First State Global Health & Biotechnology Fund				
	United States Dollar	Japanese Yen	European Euro	Hong Kong Dollar	Others
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
	Consolidated				
Cash and cash equivalents	392	-	-	-	-
Receivables	18	1	-	-	-
Financial assets held for trading	18,444	1,102	353	95	41
	18,854	1,103	353	95	41
Net increase/decrease in exposure from:					
- foreign currency contract	515	( 520)	-	-	-
	19,369	583	353	95	41
30/06/2012	Parent				
	Cash and cash equivalents	-	-	-	-
	Receivables	-	-	-	-
	Financial assets held for trading	-	-	-	-
		-	-	-	-
	Net increase/decrease in exposure from:				
	- foreign currency contract	-	-	-	-
		-	-	-	-

30/06/2012	Colonial First State Global Technology & Communications Fund				
	United States Dollar	Norwegian Kroner	UK Pound Sterling	Indian Rupee	Others
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
	Consolidated				
Cash and cash equivalents	502	-	-	-	-
Receivables	111	-	-	-	-
Financial assets held for trading	15,917	514	257	246	1,171
Payables	( 116)	-	-	-	-
	16,414	514	257	246	1,171
30/06/2012	Parent				
	Cash and cash equivalents	-	-	-	-
	Receivables	-	-	-	-
	Financial assets held for trading	-	-	-	-
	Payables	-	-	-	-
		-	-	-	-

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

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

#### (ii) Foreign exchange risk (continued)

30/06/2011	Colonial First State Global Technology & Communications Fund				
	United States Dollar	Japanese Yen	Hong Kong Dollar	European Euro	Others
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
	<b>Consolidated</b>				
Cash and cash equivalents	306	-	-	-	4
Receivables	144	-	-	2	-
Financial assets held for trading	15,315	671	609	519	1,967
Payables	( 86)	-	-	( 24)	-
	15,679	671	609	497	1,971
	<b>Parent</b>				
Cash and cash equivalents	-	-	-	-	-
Receivables	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-
Payables	-	-	-	-	-
	-	-	-	-	-



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

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

##### (iii) Interest rate risk

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

Certain Funds may also enter into derivatives financial instruments to mitigate the risk of future interest rate changes in accordance with the risk policies and guidelines of the Investment Managers. These transactions are regularly monitored by the Compliance Department of the Responsible Entity.

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

30/06/2012	Colonial First State Global Health & Biotechnology Fund			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>	<b>Consolidated</b>			
Cash and cash equivalents	764	-	-	764
Receivables	-	-	116	116
Financial assets held for trading	-	-	20,440	20,440
Derivatives	-	-	23	23
<b>Financial liabilities</b>				
Payables	-	-	(159)	(159)
Minority Interest	-	-	( 9,656)	( 9,656)
<b>Net exposure</b>	<b>764</b>	<b>-</b>	<b>10,764</b>	<b>11,528</b>
<b>Financial assets</b>	<b>Parent</b>			
Cash and cash equivalents	37	-	-	37
Receivables	-	-	3	3
Financial assets held for trading	-	-	11,497	11,497
Derivatives	-	-	-	-
<b>Financial liabilities</b>				
Payables	-	-	(9)	(9)
<b>Net exposure</b>	<b>37</b>	<b>-</b>	<b>11,491</b>	<b>11,528</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2011	Colonial First State Global Health & Biotechnology Fund			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000
	<b>Consolidated</b>			
<b>Financial assets</b>				
Cash and cash equivalents	777	-	-	777
Receivables	-	-	44	44
Financial assets held for trading	-	-	20,022	20,022
Derivatives	-	-	38	38
<b>Financial liabilities</b>				
Payables	-	-	(33)	(33)
Financial liabilities held for trading				
- Derivatives	-	-	(43)	(43)
Minority Interest	-	-	( 9,176)	( 9,176)
	777	-	10,852	11,629
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	(43)	-	-	(43)
<b>Net exposure</b>	<b>734</b>	<b>-</b>	<b>10,852</b>	<b>11,586</b>
	<b>Parent</b>			
<b>Financial assets</b>				
Cash and cash equivalents	33	-	-	33
Receivables	-	-	8	8
Financial assets held for trading	-	-	11,600	11,600
Derivatives	-	-	-	-
<b>Financial liabilities</b>				
Payables	-	-	(12)	(12)
Bank overdraft	-	-	-	-
Financial liabilities held for trading				
- Derivatives	-	-	-	-
	33	-	11,596	11,629
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
<b>Net exposure</b>	<b>33</b>	<b>-</b>	<b>11,596</b>	<b>11,629</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

30/06/2012	Colonial First State Global Technology & Communications Fund			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>	<b>Consolidated</b>			
Cash and cash equivalents	958	-	-	958
Receivables	-	-	124	124
Financial assets held for trading	-	-	18,091	18,091
Payables	-	-	(145)	(145)
Minority Interest	-	-	( 7,048)	( 7,048)
<b>Net exposure</b>	<b>958</b>	<b>-</b>	<b>11,022</b>	<b>11,980</b>
<b>Financial assets</b>	<b>Parent</b>			
Cash and cash equivalents	39	-	-	39
Receivables	-	-	4	4
Financial assets held for trading	-	-	11,947	11,947
<b>Financial liabilities</b>				
Payables	-	-	(10)	(10)
<b>Net exposure</b>	<b>39</b>	<b>-</b>	<b>11,941</b>	<b>11,980</b>

30/06/2011	Colonial First State Global Technology & Communications Fund			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>	<b>Consolidated</b>			
Cash and cash equivalents	734	-	-	734
Receivables	-	-	169	169
Financial assets held for trading	-	-	19,063	19,063
<b>Financial liabilities</b>				
Payables	-	-	(152)	(152)
Minority Interest	-	-	( 6,930)	( 6,930)
<b>Net exposure</b>	<b>734</b>	<b>-</b>	<b>12,150</b>	<b>12,884</b>
<b>Financial assets</b>	<b>Parent</b>			
Cash and cash equivalents	39	-	-	39
Receivables	-	-	11	11
Financial assets held for trading	-	-	12,852	12,852
<b>Financial liabilities</b>				
Payables	-	-	(18)	(18)
<b>Net exposure</b>	<b>39</b>	<b>-</b>	<b>12,845</b>	<b>12,884</b>

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

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

#### (iii) Interest rate risk (continued)

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

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements, summarises the impact of an increase/decrease of interest rates on the Funds' operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 60 basis points (2011: +/- 60 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities.

#### (b) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the 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.

	Colonial First State Global Health & Biotechnology Fund					
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	Consolidated					
30/06/2012	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-21.60% \$'000	21.60% \$'000
	( 4)	4	( 18)	18	( 4,415)	4,415
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-21.60% \$'000	21.60% \$'000
	( 4)	4	( 42)	42	( 4,325)	4,325
30/06/2011						
30/06/2012	Parent					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-21.60% \$'000	21.60% \$'000
	-	-	-	-	( 2,483)	2,483
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-21.60% \$'000	21.60% \$'000
	-	-	-	-	( 2,506)	2,506
30/06/2011						

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Summarised Sensitivity Analysis (continued)

	Colonial First State Global Technology & Communications Fund					
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	Consolidated					
30/06/2012	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-21.60% \$'000	21.60% \$'000
	( 6 )	6	( 46 )	46	( 3,908 )	3,908
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-21.60% \$'000	21.60% \$'000
30/06/2011	( 4 )	4	( 35 )	35	( 4,118 )	4,118
30/06/2012	Parent					
	-60 basis points \$'000	+60 basis points \$'000	-9.30% \$'000	9.30% \$'000	-21.60% \$'000	21.60% \$'000
	-	-	-	-	( 2,581 )	2,581
	-60 basis points \$'000	+60 basis points \$'000	-10.10% \$'000	10.10% \$'000	-21.60% \$'000	21.60% \$'000
	-	-	-	-	( 2,776 )	2,776

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Credit risk

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

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

Certain Funds invest in debt securities which have an investment grade as rated by the Standard & Poor's rating agency. For unrated assets a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies.

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

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

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets and the contract/notional amount of the OTC derivatives. The Funds did not hold any debt securities as at the 30/06/2012 or 30/06/2011.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Liquidity risk

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

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

Certain Funds may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, these Funds may not be able to quickly liquidate 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.

30/06/2012	Colonial First State Global Health & Biotechnology 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
Derivatives: Inflows (Outflows)	Consolidated						
	-	511 (488)	-	-	-	-	511 (488)
Derivatives: Inflows (Outflows)	Parent						
	-	-	-	-	-	-	-

30/06/2011	Colonial First State Global Health & Biotechnology 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
Derivatives: Inflows (Outflows)	Consolidated						
	-	513 (518)	-	-	-	-	513 (518)
Derivatives: Inflows (Outflows)	Parent						
	-	-	-	-	-	-	-

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 10. 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. 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 by certain Funds 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 of such funds.

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 forward exchange contracts is determined using forward exchange market rates at the reporting date.

As a result of the developments in global markets, generally known as the global financial crisis, liquidity in some investment markets has decreased significantly. As a result, the volume of trading in some of the investments held by the Funds has decreased significantly, and accordingly the valuation of those investments is subject to a greater uncertainty and requires greater judgement than would be the case in normal investment market conditions.



# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

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

### 11. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

Where the Funds invest into derivative financial instruments and/or securities sold short, cash and securities may be held by the broker as collateral in order to meet margin calls.

The Funds hold the following derivative instrument:

#### (a) Forward currency contracts

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

The Funds' derivative financial instruments at reporting period end are detailed below:

	Colonial First State Global Health & Biotechnology Fund					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
		30/06/2012			30/06/2011	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>						
- Foreign currency forward contracts	511	23	-	513	38	(43)
	511	23	-	513	38	(43)
<b>Parent</b>						
- Foreign currency forward contracts	-	-	-	-	-	-
	-	-	-	-	-	-

### 12. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2012, the Funds did not have any contingent liabilities or commitments (30 June 2011 - None).

### 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 2012 or on the results and cash flows of the Funds for the reporting period ended on that date.

# COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

## DIRECTORS' DECLARATION FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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

- a) the financial statements and notes to the financial statements of the Colonial First State Managed Investment Funds ("the Funds") 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 2012 and of their performance 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.



Bradley Brian Massey  
Director  
Sydney  
31 August 2012



## **Independent auditor's report to the unitholders of Colonial First State Managed Investment Funds**

### ***Report on the financial report***

We have audited the accompanying financial report of Colonial First State Managed Investment Funds (the Funds), which comprises the balance sheets as at 30 June 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both the Funds (the consolidated entities) and the entities they controlled. The consolidated entities comprise the Funds and the entities they controlled at the year end or from time to time during the financial year.

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

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

### ***Auditor's responsibility***

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

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

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

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

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DX 77 Sydney, Australia  
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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 Managed Investment Funds is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Funds' and consolidated entities' financial positions as at 30 June 2012 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes and notes also comply with International Financial Reporting Standards as disclosed in Note 1.



PricewaterhouseCoopers



A J Wilson  
Partner

31 August 2012

**COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE  
OPTION**

ARSN : 88 902 783

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

**Responsible Entity of the Fund:**

**COLONIAL FIRST STATE  
INVESTMENTS LIMITED**

**ABN 98 002 348 352**

Ground Floor Tower 1, Sussex Street  
SYDNEY NSW 2000

# **COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION**

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# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Mortgage Income Fund - Entry Fee Option ("the Fund"), present their report together with the financial report of the Fund for the period from 1 July 2011 to 30 June 2012.

### Reporting Period

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

### Termination of the Fund

On 12 February 2010, the Board of Directors of the Responsible Entity approved the termination of the Fund in accordance with the provisions of the Constitution. The effective date of the termination was 1 March 2010.

The Responsible Entity is currently in the process of realising the assets of the Fund. The Responsible Entity is expecting to make periodic payments to unitholders every three months depending on the amount of cash available in the Fund. The following is a breakdown of the total repayment of capital made to the date of this report:

\$

Net Asset Value (NAV) as at Date of Termination:

697,688,226

Repayment Date	Amount Repaid \$	Proportion of NAV repaid since termination date %
15 March 2010	109,667,695	15.72%
10 June 2010	79,489,333	11.39%
15 September 2010	81,283,981	11.65%
15 December 2010	78,025,251	11.18%
15 March 2011	38,371,873	5.50%
15 June 2011	71,964,423	10.31%
14 September 2011	54,788,490	7.85%
14 December 2011	44,225,448	6.34%
14 March 2012	21,433,627	3.07%
13 June 2012	56,383,835	8.08%
<b>Total Repayment of capital:</b>	<b>635,633,956</b>	<b>91.11%</b>

### Principal Activities of the Fund

The principal activities of the Fund were to invest in accordance with the investment objectives and guidelines as set out in the withdrawn Information Memorandum and in accordance with the provisions of the Fund's Constitution. Following the Fund's termination, the Responsible Entity is in the process of realising the assets in the Fund and returning to unitholders the net proceeds to reduce the remaining capital.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

### Date of Constitution and Registration of Fund

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

Date of Constitution	10/08/1998
Date of Registration	13/08/1999

### Review of Operations

#### Income

The distributions per unit of the Fund for the reporting periods ended 30 June 2012 and 30 June 2011 are disclosed in the "Distributions to Unitholders" note to the financial statements.

#### Unit Price

Prior to the termination, the unit price of the Fund was \$1.00 and interest was calculated and accrued daily.

#### Performance

As the Fund has been terminated no performance figure was calculated.

### Responsible Entity and Directors

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

The Directors of the Responsible Entity in office since incorporation and up to the date of the report are:

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

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

### Scheme Information

The Fund is a registered managed investment scheme domiciled in Australia and has its principal place of business at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.



# **COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION**

## **DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

### **Significant Changes in the State of Affairs**

There were no other significant changes in the nature of the Fund's activities during the reporting period.

### **Matters Subsequent to the End of the Financial Period**

No matters or circumstances have arisen since 30 June 2012 that have significantly affected, or may significantly affect the termination process of the Fund.

### **Likely Developments and Expected Results of Operations**

With the exception of the termination of the Fund, there were no other significant changes in the nature of the Fund's activities during the reporting period.

### **Indemnification and Insurance Premiums for Officers and Auditors**

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

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

### **Fees Paid to and Interest Held in the Fund By the Responsible Entity or its Associates**

Fees paid or payable to the Responsible Entity and its associates out of the Fund's assets during the period are disclosed in the Statement of Comprehensive Income and Balance Sheet.

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

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

### **Interests in the Fund**

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

### **Environmental Regulation**

The operations of the Fund 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.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

### Applications, Withdrawals and Switches Suspension

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

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

From October 2008 to September 2009, the Responsible Entity processed withdrawal and switch requests on a quarterly basis (or such other intervals determined from time to time), depending on the level of cash available within the Fund to meet those requests at that time. Payments were also made from time to time from the Fund where the Financial Hardship criteria was met (refer to Note 12). The cash available in the Fund was dependant on asset sales and the repayment of maturing mortgages in the underlying Fund in which the Fund invests. Any payment made in respect of a withdrawal or switch request was calculated at a unit price determined at the time the payment was made.

Due to the termination of the Fund, no further applications, switches or withdrawal offers will be made by/to unitholders. Please refer to Note 12 for details on the quarterly withdrawal offers made during the period. The last withdrawal offer payment occurred in September 2009.

### Auditor's Independence Declaration

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

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



Bradley Brian Massey  
Director  
Sydney  
31 August 2012



## Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Mortgage Income Fund –Entry Fee Option for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Colonial First State Mortgage Income Fund –Entry Fee Option during the year.

A handwritten signature in black ink, appearing to read 'A J Wilson', with a long horizontal stroke extending to the right.

A J Wilson  
Partner  
PricewaterhouseCoopers

31 August 2012

**COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION**

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

	<b>Note</b>	<b>1/07/2011 - 30/06/2012</b>	<b>1/07/2010 - 30/06/2011</b>
<b>Investment income</b>		<b>\$</b>	<b>\$</b>
Interest income	3	62,968	136,247
Distribution income		5,466,929	7,868,002
Changes in fair value of financial instruments held for trading		1,260,136	18,213,036
Other income		1	-
<b>Total investment (loss)/income</b>		<b>6,790,034</b>	<b>26,217,285</b>
<b>Expenses</b>			
Responsible Entity's management fees	8(c)	2,084,083	4,533,938
Other expenses		60	85
<b>Total operating expenses</b>		<b>2,084,143</b>	<b>4,534,023</b>
<b>Operating (loss)/profit attributable to unitholders</b>		<b>4,705,891</b>	<b>21,683,262</b>
Change in net assets attributable to unitholders from operations	6(a)	(4,705,891)	(21,683,262)
<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 MORTGAGE INCOME FUND - ENTRY FEE OPTION

## BALANCE SHEET AS AT 30 JUNE 2012

	Note	30/06/2012 \$	30/6/2011 \$
<b>Assets</b>			
Cash and cash equivalents	7	3,906,878	4,632,260
Trade and other receivables:			
- interests		9,850	19,445
- others		39,883	95,169
Financial assets held for trading	5	85,741,686	257,265,787
<b>Total assets</b>		<b>89,698,297</b>	<b>262,012,661</b>
<b>Liabilities</b>			
Trade and other payables:			
- redemptions		-	7,813
Fees due to Responsible Entity	8(c)	98,175	279,217
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>98,175</b>	<b>287,030</b>
<b>Net assets attributable to unitholders - liability</b>	<b>6(a)</b>	<b>89,600,122</b>	<b>261,725,631</b>

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

## **COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION**

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

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

**COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION**

**CASH FLOW STATEMENT  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

	Note	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held for trading		337,642,102	510,182,776
Payments for purchase of financial instruments held for trading		(163,574,341)	(240,658,138)
Interest received		72,563	132,637
Dividends received		4,183,405	5,514,220
Other income received		1	(1,107)
Responsible Entity fee paid		(2,209,839)	(4,728,448)
Interest paid			
Other expenses paid		(60)	(85)
<b>Net cash from operating activities</b>	<b>7(a)</b>	<b>176,113,831</b>	<b>270,441,855</b>
<b>Cash flows from financing activities</b>			
Payment for redemption of units		(176,839,213)	(269,645,528)
<b>Net cash used in financing activities</b>		<b>(176,839,213)</b>	<b>(269,645,528)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(725,382)</b>	<b>796,327</b>
Add opening cash and cash equivalents brought forward		4,632,260	3,835,933
<b>Closing cash and cash equivalents carried forward</b>		<b>3,906,878</b>	<b>4,632,260</b>

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Non-going concern basis of preparation

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

The board of Directors of the Responsible Entity approved the termination of the Fund on 12 February 2010 in accordance with the provisions of the Constitution.

The Responsible Entity is in the process of:

- (i) realising all the assets of the Fund;
- (ii) finalising a set of accounts and calculating the distributable income of the Fund;
- (iii) distributing to the unitholders the net income of the Fund; and
- (iv) redeeming the units held by the unitholders in accordance with the provisions of the Constitution.

As at 30 June 2012 the termination process is in progress pending the finalisation of the disposal of the securities.

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

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

The Balance Sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be settled within twelve months, except for financial assets held for trading and net assets attributable to unitholders which may take longer to realise.

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

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

The financial report was authorised for issue by the Directors of the Responsible Entity on 24 August 2012. The directors of the Responsible Entity have the power to amend and reissue the financial statements.



# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

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

#### *Classification*

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

#### *Recognition/Derecognition*

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

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

#### *Measurement*

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

The fair value of units in unlisted Managed Investment Schemes is determined by reference to published bid prices at the close of business on the Balance Sheet date being the redemption price as established by the underlying Fund's Responsible Entity.

Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income. Investments of the Fund which are considered to be held for trading are investments in Managed Investment Schemes.

### **(c) Investment Income**

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

#### *Distribution*

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

#### *Interest income*

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

#### *Changes in fair value of financial assets held for trading*

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

### **(d) Cash and cash equivalents**

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

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

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

#### (e) Trade and Other Receivables

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

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

#### (f) Trade and Other Payables

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

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

#### (g) Taxation

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

#### (h) Distributions to unitholders

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

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

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

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

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

Each unit issued confers upon the unitholders an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund.

Following termination, under the Constitution of the Fund, the Responsible Entity will realise all assets of the Fund and distribute the net proceeds among unitholders pro rata to the number of units held on the termination date. The Responsible Entity may make partial distributions of the Fund proceeds during the winding up period. Each unitholder will also continue to be entitled to their proportionate share of distributable income during this period.

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

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

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

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

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheet.

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

#### (l) Expense Recognition

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

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

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

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

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

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

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

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

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

#### (n) Comparatives

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

#### (o) Unit Prices

Unit prices are determined in accordance with the Fund's 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. The Fund has been terminated and no unit price is being issued.

#### (p) Statement of Compliance

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

#### (q) Applications and redemptions

Prior to the Fund's termination, applications received for units in the Fund were recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund were recorded gross of any exit fees payable after the cancellation of units redeemed.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 2. AUDITOR'S REMUNERATION

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

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

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

### 3. INTEREST INCOME

Interest income of the Fund 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 Sheet represents the component of the final distribution for the reporting period which had not been paid at balance sheet date.

The Fund did not distribute for the period ended 30 June 2012 and 30 June 2011.

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 investments can include unlisted unit trusts without daily liquidity.

The Fund invests in unlisted managed investment schemes also managed by the Responsible Entity. With the exception of the Fund's investment in the Colonial First State Wholesale Pooled Mortgage Fund, the fair value of the managed investment schemes are based on quoted market prices or alternative pricing sources supported by observable units and therefore classified as Level 1.

The various methods adopted in determining the fair value of the Fund's financial instruments are further explained. The Colonial First State Wholesale Pooled Mortgage Fund is currently illiquid and therefore classified as a Level 3 investment. The units in this Fund, which are valued by the Responsible Entity, reflect the fair value of the underlying mortgages. The main exposure to the valuation is the credit risk relating to the underlying mortgages. The sensitivity of the fair value of the underlying mortgages is dependent upon the cashflow of each individual mortgage which has too many variables to quantify. However if the level of default increased or decreased by 1%, the impact to the net assets of the Fund would increase or decrease by approximately 0.86%.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

<b>30/06/2012</b>	<b>Total \$</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	85,741,686	6,676,756	-	79,064,930
<b>Total Assets Held for Trading</b>	<b>85,741,686</b>	<b>6,676,756</b>	<b>-</b>	<b>79,064,930</b>

<b>30/6/2011</b>	<b>Total \$</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	257,265,787	15,100,948	-	242,164,839
<b>Total Assets Held for Trading</b>	<b>257,265,787</b>	<b>15,100,948</b>	<b>-</b>	<b>242,164,839</b>

The following table presents the movement in Level 3 instruments for the following reporting periods:

	<b>2012 \$</b>	<b>2011 \$</b>
Opening balance	242,164,839	452,799,672
Gains and losses recognised in profit or loss	1,192,193	17,571,353
Purchases	-	-
Sales	(164,292,102)	(228,206,186)
<b>Closing balance</b>	<b>79,064,930</b>	<b>242,164,839</b>

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

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

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

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

	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.	\$	No.	\$
Opening balance	732,040,649	261,725,631	732,040,649	509,687,897
Applications	-	-	-	-
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-
Change in net assets attributable to unitholders from operations		4,705,891		21,683,262
Repayment of capital		(176,831,400)		(269,645,528)
<b>Closing Balance</b>	<b>732,040,649</b>	<b>89,600,122</b>	<b>732,040,649</b>	<b>261,725,631</b>

#### (b) Capital Risk Management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

As at 30 June 2012, the Fund is in the process of being terminated. Upon realisation of all the remaining assets in the Fund, a final redemption will be made.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 7. CASH AND CASH EQUIVALENTS

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

	1/07/2011 - 30/06/2012 \$	1/07/2010 - 30/06/2011 \$
Net (loss)/profit attributable to unitholders	4,705,891	21,683,262
Proceeds from sale of financial instruments held for trading	337,642,102	510,182,776
Payments for purchase of financial instruments held for trading	(163,574,341)	(240,658,138)
Changes in fair value of financial instruments held for trading	(1,260,136)	(18,213,036)
Distribution or Dividend income reinvested	(1,283,524)	(2,353,782)
Changes in assets and liabilities:		
Receivables and other assets	64,881	80,153
Payables and other liabilities	(181,042)	(279,380)
<b>Net Cash (Used In)/From Operating Activities</b>	<b>176,113,831</b>	<b>270,441,855</b>

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

- Reinvestment of unitholders distributions as disclosed in Statements of Changes in Net Asset Attributable to Unitholders and Note 6(a) under "Units issued upon reinvestment of distributions".
- Participation in dividend reinvestment plans as disclosed under "Distribution or Dividend Income Reinvested" in part (a) of the "Cash and Cash Equivalents" note to the financial statements.

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

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



# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 8. RELATED PARTIES DISCLOSURES

#### (a) Responsible Entity

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

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

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

##### (i) Key Management Personnel

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

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

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

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

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

#### (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 Fund. The table below shows the current fee rates charged.

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

	2012 Management Fees %	June 2011 Management Fees %
Management fees rate for the reporting period	1.15	1.15

In addition to the management fee stated above a performance fee may also be payable for the Fund.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (d) Management Expenses Recharged

There is no management expenses recharged to the Fund.

#### (e) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Fund may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis.

#### (f) Investing Activities

##### Managed Investment Schemes

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

Investment Name	Units Held at Period End No.	Value of Investment at Period End \$	Interest held in Investment at Period End %	Units Acquired During Period No.	Units Disposed During Period No.	Distribution Received \$
Colonial First State Wholesale Mortgage Backed Securities Fund						
- 2012	-	-	-	-	-	-
- 2011	-	-	-	-	36,083,097	247,815
Colonial First State Wholesale Pooled Mortgage Fund						
- 2012	80,323,193	79,064,930	40.07	-	159,991,225	4,183,405
- 2011	240,314,418	242,164,839	40.07	-	227,840,744	5,514,220
Colonial First State Wholesale Cash Fund						
- 2012	6,619,170	6,676,756	0.10	163,067,149	171,389,058	1,283,524
- 2011	14,941,079	15,100,948	0.23	240,354,689	242,996,631	2,105,961

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 9. FINANCIAL RISK MANAGEMENT

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

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

#### (a) Market Risk

##### (i) Price risk

The Fund's financial assets are either indirectly exposed to price risk. This arises from investments held by the Fund 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 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 Fund's net assets attributable to unitholders at 30 June 2012 and 30 June 2011. The analysis is based on the assumptions that the relevant indexes increased or decreased as tabled with all other variables held constant and that the fair value of the Fund which has indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. The Fund invests into various asset classes, such as a multi-sector Fund, which will have a weighted average movement calculated based on the proportion of its investment in those classes.

##### (ii) Interest rate risk

The Fund's exposure to interest rate risk was limited to its cash and cash equivalents, which earns a floating rate of interest.

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements, summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 60 basis points (2011: +/- 60 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Summarised Sensitivity Analysis

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

30/06/2012	Interest rate risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders			
	-60 basis points	+60 basis points	-0.60%	0.60%
	\$	\$	\$	\$
	( 23,441)	23,441	( 39,715)	39,715
30/06/2011	-60 basis points	+60 basis points	-0.60%	0.60%
	\$	\$	\$	\$
	( 27,794)	27,794	( 90,606)	90,606

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 9. CREDIT RISK MANAGEMENT (continued)

#### (c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. The Fund's investment in managed investment schemes are also subject to credit risk at the point in time it renders its investment. However, as the Responsible Entity of the Fund are the same as the underlying investment, the credit risk is deemed to be insignificant, with the exception of its investment in the Colonial First State Wholesale Pooled Mortgage Fund.

The underlying investments of the Colonial First State Wholesale Pooled Mortgage Fund are predominately mortgages which are subject to counterparty default risk.

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

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

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

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

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA or higher (as determined by the Standard and Poor's or equivalent agency).

#### (d) Fair Value Estimation

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

The Fund's financial liabilities primarily consist of trade payables which include redemptions payable to unitholders at period end as well as other payables such as the accruals of management fees and distributions payable at period end. All financial liabilities of the Funds are contractually due within 30 days.

### 10. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2012, the Fund did not have any contingent liabilities or commitments (30 June 2011 - None).

### 11. EVENTS AFTER BALANCE SHEET DATE

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

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

### 12. REDEMPTIONS

Prior to the termination of the Fund, unitholders could request redemptions from the Fund in accordance with the terms of any withdrawal offer made by the Responsible Entity or under Financial Hardship withdrawal criteria (pursuant to relief from the Australian Securities & Investments Commission (ASIC)), subject to the Fund having available cash. Due to the termination of the Fund, no further withdrawal offers will be made to unitholders.

A withdrawal offer was opened to unitholders on 25 November 2009 but was cancelled on 22 December 2009 due to the identification of a small number of mortgages in the underlying Colonial First State Wholesale Pooled Mortgage Fund portfolio which had the potential to become bad debts. The last withdrawal offer payment made to unitholders occurred on 9 September 2009.

#### Financial Hardship Payments

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

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

#### Withdrawal Offers

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

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

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

Redemption offer period	Total redemptions requested \$	Total redemptions paid \$	Payment Date
15 July 2009 to 18 August 2009	105,587,248	33,454,114	9 September 2009

Since the termination of the Fund no further withdrawal offers have been made and the fund is in the process of repaying capital to unitholders.

## COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

### DIRECTORS' DECLARATION FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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

- a) the financial statements and notes to the financial statements of the Colonial First State Mortgage Income Fund - Entry Fee Option ("the Fund") are in accordance with the Corporations Act 2001, including:
  - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the Fund's financial position as at 30 June 2012 and of its performance for the reporting period ended on that date, and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and
- c) the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1.

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



Bradley Brian Massey  
Director  
Sydney  
31 August 2012



## **Independent auditor's report to the unitholders of Colonial First State Mortgage Income Fund - Entry Fee Option**

### ***Report on the financial report***

We have audited the accompanying financial report of Colonial First State Mortgage Income Fund - Entry Fee Option (the Fund), which comprises the balance sheet as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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

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

### ***Auditor's responsibility***

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

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

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

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

**PricewaterhouseCoopers, ABN 52 780 433 757**  
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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 Mortgage Income Fund - Entry Fee Option is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Fund's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### *Emphasis of Matter*

Without qualifying our opinion, we draw your attention to the following matter. As indicated in Note 1 of the financial statements the Fund was terminated on 01 March 2010 in accordance with the provisions of the Fund's constitution. As a result, the financial statements have been prepared on a liquidation basis and not on a going concern basis.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, written in a dark ink.

PricewaterhouseCoopers

A handwritten signature of A J Wilson, written in a dark ink.

A J Wilson  
Partner

31 August 2012

**COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY  
FEE OPTION**

ARSN : 096 011 988

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

**Responsible Entity of the Fund:**

**COLONIAL FIRST STATE  
INVESTMENTS LIMITED**

**ABN 98 002 348 352**

Ground Floor Tower 1, Sussex Street  
SYDNEY NSW 2000

# **COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION**

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# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Mortgage Income Fund - Nil Entry Fee Option ("the Fund"), present their report together with the financial report of the Fund for the period from 1 July 2011 to 30 June 2012.

### Reporting Period

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

### Termination of the Fund

On 12 February 2010, the Board of Directors of the Responsible Entity approved the termination of the Fund in accordance with the provisions of the Constitution. The effective date of the termination was 1 March 2010.

The Responsible Entity is currently in the process of realising the assets of the Fund. The Responsible Entity is expecting to make periodic payments to unitholders every three months depending on the amount of cash available in the Fund. The following is a breakdown of the total repayment of capital made to the date of this report:

\$

Net Asset Value (NAV) as at Date of Termination:

117,400,852

Repayment Date	Amount Repaid \$	Proportion of NAV repaid since termination date %
15 March 2010	18,438,862	15.71%
10 June 2010	13,509,138	11.51%
15 September 2010	13,671,203	11.64%
15 December 2010	13,119,947	11.18%
15 March 2011	6,414,317	5.46%
15 June 2011	12,070,283	10.28%
14 September 2011	9,266,023	7.89%
14 December 2011	7,358,056	6.27%
14 March 2012	2,917,371	2.48%
13 June 2012	9,205,355	7.84%
<b>Total Repayment of capital:</b>	<b>105,970,555</b>	<b>90.26%</b>

### Principal Activities of the Fund

The principal activities of the Fund were to invest in accordance with the investment objectives and guidelines as set out in the withdrawn Information Memorandum and in accordance with the provisions of the Fund's Constitution. Following the Fund's termination, the Responsible Entity is in the process of realising the assets in the Fund and returning to unitholders the net proceeds to reduce the remaining capital.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

### Date of Constitution and Registration of Fund

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

Date of Constitution	16/02/2001
Date of Registration	27/02/2001

### Review of Operations

#### Income

The distributions per unit of the Fund for the reporting periods ended 30 June 2012 and 30 June 2011 are disclosed in the "Distributions to Unitholders" note to the financial statements.

#### Unit Price

Prior to the termination, the unit price of the Fund was \$1.00 and interest was calculated and accrued daily.

#### Performance

As the Fund has been terminated no performance figure was calculated.

### Responsible Entity and Directors

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

The Directors of the Responsible Entity in office since incorporation and up to the date of the report are:

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

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

### Scheme Information

The Fund is a registered managed investment scheme domiciled in Australia and has its principal place of business at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

# **COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION**

## **DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

### **Significant Changes in the State of Affairs**

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

### **Matters Subsequent to the End of the Financial Period**

No matters or circumstances have arisen since 30 June 2012 that have significantly affected, or may significantly affect the termination process of the Fund.

### **Likely Developments and Expected Results of Operations**

With the exception of the termination of the Fund, there were no other significant changes in the nature of the Fund's activities during the reporting period.

### **Indemnification and Insurance Premiums for Officers and Auditors**

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

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

### **Fees Paid to and Interest Held in the Fund By the Responsible Entity or its Associates**

Fees paid or payable to the Responsible Entity and its associates out of the Fund's assets during the period are disclosed in the Statement of Comprehensive Income and Balance Sheet.

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

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

### **Interests in the Fund**

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

### **Environmental Regulation**

The operations of the Fund 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.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

### Applications, Withdrawals and Switches Suspension

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

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

From October 2008 to September 2009, the Responsible Entity processed withdrawal and switch requests on a quarterly basis (or such other intervals determined from time to time), depending on the level of cash available within the Fund to meet those requests at that time. Payments were also made from time to time from the Fund where the Financial Hardship criteria was met (refer to "Redemptions" note to the financial statements). The cash available in the Fund was dependant on asset sales and the repayment of maturing mortgages in the underlying Fund in which the Fund invests. Any payment made in respect of a withdrawal or switch request was calculated at a unit price determined at the time the payment was made.

Due to the termination of the Fund, no further applications, switches or withdrawal offers will be made by/to unitholders. Please refer to Note 12 for details on the quarterly withdrawal offers made during the period. The last withdrawal offer payment occurred in September 2009.

### Auditor's Independence Declaration

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

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



Bradley Brian Massey  
Director  
Sydney  
31 August 2012



## Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Mortgage Income Fund – Nil Entry Fee Option for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Colonial First State Mortgage Income Fund – Nil Entry Fee Option during the year.

A handwritten signature in dark ink, appearing to read 'A J Wilson', with a long horizontal stroke extending to the right.

A J Wilson  
Partner  
PricewaterhouseCoopers

31 August 2012



**COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION**

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

	Note	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011
<b>Investment income</b>		\$	\$
Interest income	3	11,219	24,584
Distribution income		893,375	1,287,785
Changes in fair value of financial instruments held for trading		212,614	3,077,951
Other income		-	1
<b>Total investment (loss)/income</b>		<b>1,117,208</b>	<b>4,390,321</b>
<b>Expenses</b>			
Responsible Entity's management fees	8(c)	484,528	1,040,645
Other expenses		58	75
<b>Total operating expenses</b>		<b>484,586</b>	<b>1,040,720</b>
<b>Operating (loss)/profit attributable to unitholders</b>		632,622	3,349,601
Change in net assets attributable to unitholders from operations	6(a)	(632,622)	(3,349,601)
<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 MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION**

**BALANCE SHEET  
AS AT 30 JUNE 2012**

	<b>Note</b>	<b>30/06/2012</b>	<b>30/6/2011</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Cash and cash equivalents	7	655,370	829,919
Trade and other receivables:			
- interests		1,679	3,436
- others		9,469	21,656
Financial assets held for trading	5	14,612,250	42,578,120
<b>Total assets</b>		<b>15,278,768</b>	<b>43,433,131</b>
<b>Liabilities</b>			
Trade and other payables:			
- others		11	11
Fees due to Responsible Entity	8(c)	23,694	63,874
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>23,705</b>	<b>63,885</b>
<b>Net assets attributable to unitholders - liability</b>	<b>6(a)</b>	<b>15,255,063</b>	<b>43,369,246</b>

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

## **COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION**

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

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

**COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION**

**CASH FLOW STATEMENT  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2012**

	<b>Note</b>	<b>1/07/2011 - 30/06/2012 \$</b>	<b>1/07/2010 - 30/06/2011 \$</b>
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held for trading		55,777,366	87,364,348
Payments for purchase of financial instruments held for trading		(27,411,511)	(41,761,939)
Interest received		12,976	23,478
Dividends received		706,004	930,616
Other income received		-	1
Responsible Entity fee paid		(512,521)	(1,084,936)
Interest paid			
Other expenses paid		(59)	(74)
<b>Net cash from operating activities</b>	<b>7(a)</b>	<b>28,572,255</b>	<b>45,471,494</b>
<b>Cash flows from financing activities</b>			
Receipts from issue of units		1	-
Payment for redemption of units		(28,746,805)	(45,275,750)
<b>Net cash used in financing activities</b>		<b>(28,746,804)</b>	<b>(45,275,750)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(174,549)</b>	<b>195,744</b>
Add opening cash and cash equivalents brought forward		829,919	634,175
<b>Closing cash and cash equivalents carried forward</b>		<b>655,370</b>	<b>829,919</b>

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

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Non-going concern basis of preparation

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

The board of Directors of the Responsible Entity approved the termination of the Fund on 12 February 2010 in accordance with the provisions of the Constitution.

The Responsible Entity is in the process of:

- (i) realising all the assets of the Fund;
- (ii) finalising a set of accounts and calculating the distributable income of the Fund;
- (iii) distributing to the unitholders the net income of the Fund; and
- (iv) redeeming the units held by the unitholders in accordance with the provisions of the Constitution.

As at 30 June 2012 the termination process is in progress pending the finalisation of the disposal of the securities.

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

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

The Balance Sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be settled within twelve months, except for financial assets held for trading and net assets attributable to unitholders which may take longer to realise. The Funds' are for-profit unit trust for the purpose of preparing the financial statements. The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

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

The financial report was authorised for issue by the Directors of the Responsible Entity on 24 August 2012. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*Classification*

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

*Recognition/Derecognition*

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

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

*Measurement*

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

The fair value of units in unlisted Managed Investment Schemes is determined by reference to published bid prices at the close of business on the Balance Sheet date being the redemption price as established by the underlying Fund's Responsible Entity.

Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income. Investments of the Fund which are considered to be held for trading are investments in Managed Investment Schemes.

**(c) Investment Income**

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

*Distribution*

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

*Interest income*

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

*Changes in fair value of financial assets and liabilities held for trading*

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

**(d) Cash and cash equivalents**

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

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

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

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

#### (e) Trade and Other Receivables

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

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

#### (f) Trade and Other Payables

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

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

#### (g) Taxation

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

#### (h) Distributions to unitholders

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

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

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

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

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

Each unit issued confers upon the unitholders an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund.

Following termination, under the Constitution of the Fund, the Responsible Entity will realise all assets of the Fund and distribute the net proceeds among unitholders pro rata to the number of units held on the termination date. The Responsible Entity may make partial distributions of the Fund proceeds during the winding up period. Each unitholder will also continue to be entitled to their proportionate share of distributable income during this period.

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

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

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

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

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

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheet.

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

#### (l) Expense Recognition

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

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

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

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

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

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

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

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



# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

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

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

#### (n) Comparatives

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

#### (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. The Fund has been terminated and no unit price is being issued.

#### (p) Statement of Compliance

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

#### (q) Applications and redemptions

Prior to the Fund's termination, applications received for units in the Fund were recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund were recorded gross of any exit fees payable after the cancellation of units redeemed.

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

**2. AUDITOR'S REMUNERATION**

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

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

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

**3. INTEREST INCOME**

The interest income of the Fund are summarised as follows:

Interest income of the Fund 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 Sheet represents the component of the final distribution for the reporting period which had not been paid at balance sheet date.

The Fund did not make a distribution for the period ended 30 June 2012 and 30 June 2011.

**5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES**

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

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

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

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 investments can include unlisted unit trusts without daily liquidity.

The Fund invests in unlisted managed investment schemes also managed by the Responsible Entity. With the exception of the Fund's investment in the Colonial First State Wholesale Pooled Mortgage Fund, the fair value of the managed investment schemes are based on quoted market prices or alternative pricing sources supported by observable units and therefore classified as Level 1.

The various methods adopted in determining the fair value of the Fund's financial instruments are further explained. The Colonial First State Wholesale Pooled Mortgage Fund is currently illiquid and therefore classified as a Level 3 investment. The units in this Fund, which are valued by the Responsible Entity, reflect the fair value of the underlying mortgages. The main exposure to the valuation is the credit risk relating to the underlying mortgages. The sensitivity of the fair value of the underlying mortgages is dependent upon the cashflow of each individual mortgage which has too many variables to quantify. However if the level of default increased or decreased by 1%, the impact to the net assets of the Fund would increase or decrease by approximately 0.86%.

# **COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION**

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

### **5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)**

<b>30/06/2012</b>	<b>Total \$</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	14,612,250	1,269,076	-	13,343,174
<b>Total Assets Held for Trading</b>	<b>14,612,250</b>	<b>1,269,076</b>	<b>-</b>	<b>13,343,174</b>

<b>30/6/2011</b>	<b>Total \$</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>
<b>Financial Assets Held for Trading:</b> Managed Investment Schemes	42,578,120	1,708,794	-	40,869,326
<b>Total Assets Held for Trading</b>	<b>42,578,120</b>	<b>1,708,794</b>	<b>-</b>	<b>40,869,326</b>

The following table presents the movement in Level 3 instruments for the following reporting periods:

	<b>2012 \$</b>	<b>2011 \$</b>
Opening balance	40,869,326	76,417,478
Gains and losses recognised in profit or loss	201,214	2,965,457
Purchases	-	-
Sales	(27,727,366)	(38,513,609)
<b>Closing balance</b>	<b>13,343,174</b>	<b>40,869,326</b>

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

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

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

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

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

	1/07/2011 - 30/06/2012		1/07/2010 - 30/06/2011	
	No.	\$	No.	\$
Opening balance	123,138,723	43,369,246	123,138,723	85,295,395
Applications	-	-	-	-
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-
Change in net assets attributable to unitholders from operations		632,622		3,349,601
Repayment of capital		(28,746,805)		(45,275,750)
<b>Closing Balance</b>	<b>123,138,723</b>	<b>15,255,063</b>	<b>123,138,723</b>	<b>43,369,246</b>

#### (b) Capital Risk Management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

As at 30 June 2012, the Fund is in the process of being terminated. Upon realisation of all the remaining assets in the Fund, a final redemption will be made.

### 7. CASH AND CASH EQUIVALENTS

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

	1/07/2011 - 30/06/2012	1/07/2010 - 30/06/2011
	\$	\$
Net (loss)/profit attributable to unitholders	632,622	3,349,601
Proceeds from sale of financial instruments held for trading	55,777,366	87,364,348
Payments for purchase of financial instruments held for trading	(27,411,511)	(41,761,939)
Changes in fair value of financial instruments held for trading	(212,614)	(3,077,951)
Distribution or Dividend income reinvested	(187,371)	(357,169)
Changes in assets and liabilities:		
Receivables and other assets	13,944	18,064
Payables and other liabilities	(40,181)	(63,460)
<b>Net Cash (Used In)/From Operating Activities</b>	<b>28,572,255</b>	<b>45,471,494</b>

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

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

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

### 8. RELATED PARTIES DISCLOSURES

#### (a) Responsible Entity

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

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

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

##### (i) Key Management Personnel

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

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

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

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

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

#### (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 Fund. The table below shows the current fee rates charged.

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

	2012 Management Fees %	June 2011 Management Fees %
Management fees rate for the reporting period	1.55	1.55

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

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

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (d) Management Expenses Recharged

There is no management expenses recharged to the Fund.

#### (e) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Fund may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis.

#### (f) Investing Activities

##### Managed Investment Schemes

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

Investment Name	Units Held at Period End No.	Value of Investment at Period End \$	Interest held in Investment at Period End %	Units Acquired During Period No.	Units Disposed During Period No.	Distribution Received \$
Colonial First State Wholesale Mortgage Backed Securities Fund						
- 2012	-	-	-	-	-	-
- 2011	-	-	-	-	6,770,724	46,501
Colonial First State Wholesale Pooled Mortgage Fund						
- 2012	13,555,521	13,343,174	6.76	-	27,001,515	706,004
- 2011	40,557,036	40,869,326	6.76	-	38,451,936	930,616
Colonial First State Wholesale Cash Fund						
- 2012	1,258,130	1,269,076	0.02	27,299,462	27,732,035	187,371
- 2011	1,690,703	1,708,794	0.03	41,659,706	41,586,454	310,668

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

**9. FINANCIAL RISK MANAGEMENT**

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

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

**(a) Market Risk**

**(i) Price risk**

The Fund's financial assets are either indirectly exposed to price risk. This arises from investments held by the Fund 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 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 Fund's net assets attributable to unitholders at 30 June 2012 and 30 June 2011. The analysis is based on the assumptions that the relevant indexes increased or decreased as tabled with all other variables held constant and that the fair value of the Fund which has indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. The Fund invests into various asset classes, such as a multi-sector Fund, which will have a weighted average movement calculated based on the proportion of its investment in those classes.

**(ii) Interest rate risk**

The Fund's exposure to interest rate risk was limited to its cash and cash equivalents, which earns a floating rate of interest.

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements, summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 60 basis points (2011: +/- 60 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

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

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Summarised Sensitivity Analysis

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

30/06/2012	Interest rate risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders			
	-60 basis points	+60 basis points	-0.60%	0.60%
	\$	\$	\$	\$
	( 3,932)	3,932	( 7,549)	7,549
30/06/2011	-60 basis points	+60 basis points	-0.60%	0.60%
	\$	\$	\$	\$
	( 4,980)	4,980	( 10,253)	10,253



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

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

**(c) Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. The Fund's investment in managed investment schemes are also subject to credit risk at the point in time it renders its investment. However, as the Responsible Entity of the Fund are the same as the underlying investment, the credit risk is deemed to be insignificant, with the exception of its investment in the Colonial First State Wholesale Pooled Mortgage Fund.

The underlying investments of the Colonial First State Wholesale Pooled Mortgage Fund are predominately mortgages which are subject to counterparty default risk.

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

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

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

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

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

**(d) Fair Value Estimation**

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

The Fund's financial liabilities primarily consist of trade payables which include redemptions payable to unitholders at period end as well as other payables such as the accruals of management fees and distributions payable at period end. All financial liabilities of the Funds are contractually due within 30 days.

**10. CONTINGENT LIABILITIES AND COMMITMENTS**

As at 30 June 2012, the Fund did not have any contingent liabilities or commitments (30 June 2011 - None).

**11. EVENTS AFTER BALANCE SHEET DATE**

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

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

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

### 12. REDEMPTIONS

Prior to the termination of the Fund, unitholders could request redemptions from the Fund in accordance with the terms of any withdrawal offer made by the Responsible Entity or under Financial Hardship withdrawal criteria (pursuant to relief from the Australian Securities & Investments Commission (ASIC)), subject to the Fund having available cash. Due to the termination of the Fund, no further withdrawal offers will be made to unitholders.

A withdrawal offer was opened to unitholders on 25 November 2009 but was cancelled on 22 December 2009 due to the identification of a small number of mortgages in the underlying Colonial First State Wholesale Pooled Mortgage Fund portfolio which had the potential to become bad debts. The last withdrawal offer payment made to unitholders occurred on 9 September 2009.

#### Financial Hardship Payments

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

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

#### Withdrawal Offers

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

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

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

Redemption offer period	Total redemptions requested \$	Total redemptions paid \$	Payment Date
15 July 2009 to 18 August 2009	16,297,674	5,031,230	9 September 2009

Since the termination of the Fund no further withdrawal offers have been made and the fund is in the process of repaying capital to unitholders.

# COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

## DIRECTORS' DECLARATION FOR THE REPORTING PERIOD ENDED 30 JUNE 2012

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

- a) the financial statements and notes to the financial statements of the Colonial First State Mortgage Income Fund - Nil Entry Fee Option ("the Fund") are in accordance with the Corporations Act 2001, including:
  - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the Fund's financial position as at 30 June 2012 and of its performance for the reporting period ended on that date, and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and
- c) the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1.

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



Bradley Brian Massey  
Director  
Sydney  
31 August 2012



## **Independent auditor's report to the unitholders of Colonial First State Mortgage Income Fund - Nil Entry Fee Option**

### ***Report on the financial report***

We have audited the accompanying financial report of Colonial First State Mortgage Income Fund - Nil Entry Fee Option (the Fund), which comprises the balance sheet as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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

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

### ***Auditor's responsibility***

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

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

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

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

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