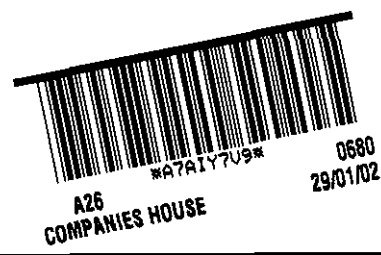


FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
(Formerly Colonial First State (UK) Holdings Limited)

ANNUAL REPORT
FOR THE PERIOD ENDED 30TH JUNE 2001

Registered No. 03904310



FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

**ANNUAL REPORT
FOR THE PERIOD ENDED 30TH JUNE 2001**

	Page
Directors' Report	1-3
Report of the Auditors	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Balance Sheet	7
Notes to the Financial Statements	8 - 20
Notice of Meeting	21

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 30TH JUNE 2001**

Directors:	R W Adams	(appointed 07/08/00)
	M D Burgess	(appointed 08/06/00 and resigned 11/10/00)
	A Carstens	(appointed 08/06/00 and resigned 30/03/01)
	G R Cooper	(appointed 23/04/01)
	P Mack	(appointed 08/06/00 and resigned 12/01/01)
	B M McCorkell	(appointed 08/06/00)
	S W Paul	(appointed 08/06/00)
	P L Polson	(appointed 08/06/00)

Secretary: J S Ayling (appointed 08/06/00)

Registered Office: 3rd Floor, 30 Cannon Street, London, EC4M 6YQ

The Directors present their report and the audited financial statements for the period from date of incorporation to 30th June 2001.

Date of Incorporation and Change of Name

The Company was incorporated on 11th January 2000 and changed its name to First State Investments (UK Holdings) Limited from Colonial First State (UK) Holdings Limited on 1st September 2001.

Principal Activities and Status

The principal activity of the Company is acting as group holding company.

Commonwealth Bank of Australia, incorporated in Australia and listed on the Sydney Stock Exchange, is regarded by the Directors of the Company as the Company's ultimate parent company.

Review of Business and Future Developments

The Company purchased the Colonial First State Investment Managers (UK) Limited group on 17th March 2000 and the Stewart Ivory (Holdings) Limited group on 20th March 2000. The latter transaction involved an innovative deal structure including payment to all staff for their contributions to building one of the most diverse UK investment houses.

Following the successful integration of Stewart Ivory and the massive investment in cutting edge administration platforms, we are positioned to substantially grow our presence in the UK and European markets. With the backing of our ultimate parent, Commonwealth Bank of Australia, and with the extremely successful role model of Colonial First State Investments in Australia, we intend to be a leading player in these markets.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 30TH JUNE 2001**

Results and Dividends

The loss for the period, after taxation was £19,349,783. The Directors do not recommend the payment of a final dividend.

Directors and their Interests

The Directors of the Company during the year were those listed on page one above. P M Stark was appointed a Director on 19th September 2001. None of the Directors had, at the end of the year, any interest in shares or debentures of the Company or other UK group companies. No Director nor a member of his immediate family was during the financial year granted, nor did any such person exercise, any right to subscribe for shares in or debentures of the Company or another UK body corporate in the same group. None of the Directors has an interest in the share capital of Commonwealth Bank of Australia, the ultimate parent company, except for R W Adams who holds 12,500 ordinary shares and G R Cooper who holds 311 ordinary shares.

Directors' and Officers' Insurance

An insurance policy has been effected for the Directors and Officers of all Group companies in respect of potential liabilities arising from any negligence or error.

Statement of Directors' Responsibilities in respect of the Accounts

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

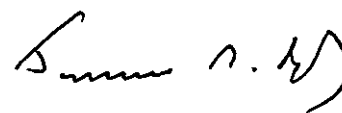
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 30TH JUNE 2001**

Auditors

KPMG resigned as auditors to the Company on 26th June 2001 and the Directors appointed Ernst & Young in their place as of this date. On 28th June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28th June 2001. Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board



J S Ayling
Secretary

EDINBURGH
14th January 2002

INDEPENDENT AUDITORS' REPORT
to the shareholders of First State Investments (UK Holdings) Limited

We have audited the group's financial statements for the period ended 30th June 2001 which comprise Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, and the related notes 1 to 23. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the group as at 30th June 2001 and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

Edinburgh

14th January 2002

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30TH JUNE 2001

	Notes	2001 £
Turnover	2	24,637,893
Operating expenses		<u>(43,144,360)</u>
Operating loss	3	(18,506,467)
Other income	6	505,095
Net interest payable	7	<u>(1,348,411)</u>
Loss on ordinary activities before tax		(19,349,783)
Tax on loss on ordinary activities	8	<u>-</u>
Loss on ordinary activities after tax		(19,349,783)
 Dividends paid and payable		 <u>-</u>
Retained loss for the period	20	<u><u>(19,349,783)</u></u>

As all operating companies were purchased during the period, all turnover and losses on ordinary activities have arisen from acquired business.

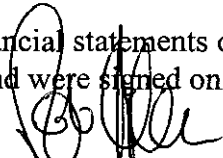
There are no gains or losses to be recognised other than those shown above.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

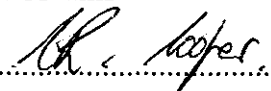
CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2001

	Notes	£	£
Fixed Assets			
Intangible assets	9	36,464,936	
Tangible assets	10	<u>3,406,978</u>	
		39,871,914	
Investments			
Investments in joint ventures:			
Share of gross assets		162,231	
Share of gross liabilities	11	<u>(162,231)</u>	
		-	
			<u>39,871,914</u>
Current Assets			
Stock of units		284,434	
Debtors	12	10,865,279	
Cash at bank		<u>34,776,137</u>	
		45,925,850	
Creditors			
Amounts falling due within one year	13	<u>(18,679,944)</u>	
Net Current Assets			<u>27,245,906</u>
			67,117,820
Creditors			
Amounts falling due after one year	14		(26,664,994)
Provisions for liabilities & charges	15		<u>(10,692)</u>
Net Assets			<u>40,442,134</u>
Capital and Reserves			
Share Capital	16		59,766,917
Other Reserves	17		25,000
Profit and Loss Account			<u>(19,349,783)</u>
	21		<u>40,442,134</u>
Analysis of Shareholders' Funds			
Equity			3,825,217
Non-equity			<u>36,616,917</u>
			<u>40,442,134</u>

The financial statements on pages 5 to 20 were approved by the Board of Directors on 14th January 2002 and were signed on its behalf by:

 Director

R W Adams

 Director

G R Cooper

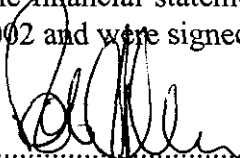
FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

BALANCE SHEET

AS AT 30TH JUNE 2001

	Notes	£	2001 £
Fixed assets			
Investments:			
Shares in group undertakings	11		77,050,523
Current assets			
Debtors : amounts due within one year	12	10,589,806	
Cash at bank		<u>5,109,302</u>	
		15,699,108	
Creditors			
Amounts falling due within one year	13	<u>(10,039,108)</u>	
Net current assets			<u>5,660,000</u>
			82,710,523
Creditors			
Amounts falling due after one year	14		<u>(26,664,994)</u>
Total Assets			<u><u>56,045,529</u></u>
Capital and Reserves			
Share Capital	16		59,766,917
Profit and Loss Account	20		<u>(3,721,388)</u>
			<u><u>56,045,529</u></u>
Analysis of Shareholders' Funds			
Equity			19,428,612
Non-equity			<u>36,616,917</u>
			<u><u>56,045,529</u></u>

The financial statements on pages 5 to 20 were approved by the Board of Directors on 14th January 2002 and were signed on its behalf by:


..... Director
R W Adams


..... Director
G R Cooper

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 30TH JUNE 2001****1. Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below:

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified for the valuation of investments (see note (h)).

(b) Basis of consolidation

The Consolidated Profit and Loss Account and Balance Sheet include the financial statements of the Company and its subsidiary undertakings for the period to 30th June 2001.

(c) Leases

Costs in respect of operating leases are charged in arriving at the operating profit. There are no assets held under finance leases.

(d) Pension scheme arrangements

The Group operates two defined benefit pension schemes. The funds are valued every three years by professionally qualified independent actuaries, the rates of contribution payable being determined by the actuaries. In the intervening years the actuaries review the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the group benefits from the employees' services. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the schemes.

The Group provides no other post retirement benefits to its employees.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

(e) Depreciation and Fixed Assets

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	-	4%
Office equipment	-	25%
Office furniture	-	15%
Computer software and network	-	33 $\frac{1}{3}$ %
Investment accounting system	-	20%
Website	-	20%

Computer and website development costs are capitalised where an ongoing benefit to the business can be demonstrated.

(f) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Deferred tax is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

(g) Foreign Currencies

Income received in foreign currencies is translated into sterling at the rate on the date of receipt. Foreign currency balances have been translated at market rates of exchange ruling at the Balance Sheet date. Gains and losses on exchange are taken to the Profit and Loss Account.

(h) Investments

Listed securities are shown in the Balance Sheet at market value and values of units held for investment purposes are valued at the lower of cost and net realisable value. Interests in joint ventures are shown at the share of the joint ventures' gross assets less gross liabilities. Other investments are at the lower of cost or Directors' valuation.

(i) Goodwill and Intangible Assets

Purchased goodwill represents the excess of the price paid on acquisition over the adjusted fair value of net assets acquired. Positive goodwill has arisen on the acquisition of the Stewart Ivory (Holdings) group and negative goodwill on the acquisition of the Colonial First State Investment Managers (UK) group. The carrying value of such goodwill was assessed one year after acquisition and this led to a release of the negative goodwill to operating profit. Positive goodwill is amortised over a 20 year period.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

(j) Cashflow Statement

The company is a wholly owned subsidiary of Commonwealth Bank of Australia and the cashflows of the company are included in the consolidated group cash flow statement of Commonwealth Bank of Australia. Details of how these accounts can be obtained are given in Note 23. Consequently the company is exempt under the terms of Financial Reporting Standard No.1 from publishing a cash flow statement.

(k) Profit and Loss Account

The Company has taken advantage of the exemption in Section 230 of the Companies Act so as not to present a Profit & Loss Account for the Company's results.

2. **Turnover**

Turnover comprises the total of investment management and administration fees. It is shown net of VAT and discounts.

**Period ended
30th June
2001
£**

Attributable to origin of funds under management:

UK	17,825,267
Overseas	6,812,626
	<u>24,637,893</u>

3. **Operating Loss**

£

Operating loss is stated after charging/(crediting):

Employment costs (note 4)	25,431,950
Amortisation of goodwill	2,425,791
Write-off of negative goodwill	(924,641)
Depreciation of fixed assets	875,093
Auditors' remuneration (audit) - current auditors (Company - £10,000)	72,500
Auditors' remuneration (non-audit fees) - current auditors (Company - £3,000)	12,500
Foreign exchange differences	9,182
Operating lease payments	1,035,641

£2,629,969 of professional fees incurred as part of the purchase of Stewart Ivory (Holdings) Ltd on 30th March 2000 have been capitalised as part of the cost of acquisition.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

4. Employment Costs	£
Salaries	19,286,754
Social security costs	2,528,117
Pension costs	1,885,642
Other employment costs	1,731,437
	<u>25,431,950</u>

The average number of staff employed by the group during the period was 121.

	Period ended 30th June 2001 £
5. Directors' Emoluments	
Directors' emoluments, excluding pension contributions	<u>1,113,682</u>
Aggregate pension contributions of all Directors	<u>54,695</u>
The emoluments, excluding pension contributions, of the highest paid Director	<u>515,123</u>
Pension contributions of the highest paid director	<u>26,054</u>

Pension benefits are accruing to three Directors under defined benefit pension Schemes operated by the Group. The accrued retirement benefit to the highest paid Director at the period end was £18,541.

6. Other Income	£
Dividends received -- unlisted investments	80,018
Profit on sale of investments	203,731
Other income	221,346
	<u>505,095</u>

7. Net interest (payable)/receivable	£
Deposit interest receivable	1,130,654
Bank interest payable	(80,823)
Interest payable on loan from Colonial Finance Ltd	(1,424,640)
Interest payable on Loan Notes	(923,884)
Other interest payable	(49,718)
	<u>(1,348,411)</u>

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

8. Tax on Loss on Ordinary Activities £

The charge for taxation is made up as follows:

UK corporation tax at 30% - current year	-
- prior year	-
	<u>-</u>

9. Intangible Assets - The Group

	Negative Goodwill £	Goodwill £	Total £
<u>Cost</u>			
At 11th January 2000	-	-	-
Additions	(924,641)	38,890,727	37,966,086
Write-off	924,641	-	924,641
At 30th June 2001	<u>-</u>	<u>38,890,727</u>	<u>38,890,727</u>
<u>Amortisation</u>			
At 11th January 2000	-	-	-
Charge for period	-	2,425,791	2,425,791
Disposals	-	-	-
At 30th June 2000	<u>-</u>	<u>2,425,791</u>	<u>2,425,791</u>
<u>Net Book Value</u>			
At 30th June 2001	<u>-</u>	<u>36,464,936</u>	<u>36,464,936</u>

The Stewart Ivory (Holdings) Ltd group was acquired on 20th March 2000 and is included in the consolidated balance sheet at 30th June 2001. The Colonial First State Investment Managers (UK) Ltd group was acquired on 17th March 2000 and is included in the consolidated balance sheet at 30th June 2001.

Both combinations are being accounted for as acquisitions. The composition and fair value of the consideration given in each case is shown below:

Stewart Ivory (Holdings) Limited

	Assets acquired £	Fair value adjustments £	Fair value £
Fixed assets	523,639	(78,064)	445,575
Debtors	4,929,034	-	4,929,034
Cash	10,417,536	-	10,417,536
Unlisted investments	51,250	-	51,250
Creditors	(4,902,630)	-	(4,902,630)
	<u>11,018,829</u>	<u>(78,064)</u>	<u>10,940,765</u>
Acquisition expenses			2,629,969
Consideration given (cash and Loan Notes)			<u>47,201,523</u>
Goodwill			<u>38,890,727</u>

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

9. Intangible Assets - The Group Cont.

Colonial First State Investment Managers Limited

	Assets acquired £	Fair value adjustments £	Fair value £
Fixed assets	1,432,285	-	1,432,285
Debtors	8,204,746	-	8,204,746
Cash	7,250,544	-	7,250,544
Unlisted investments	1,574,453	(1,172,636)	401,817
Creditors	(11,714,751)	-	(11,714,751)
	<u>6,747,277</u>	<u>(1,172,636)</u>	<u>5,574,641</u>
Cash Consideration given			<u>4,650,000</u>
Negative goodwill			<u>(924,641)</u>

For the year ended 30th June 1999 the Stewart Ivory (Holdings) Limited group reported post-tax profits of £1,947,362 and for the period to 20th March 2000, unaudited post-tax profits of £1,889,298. For the year ended 31st December 1999 Colonial First State Investment Managers Limited reported a profit after tax of £502,000 and for the period to 17th March 2000, unaudited post-tax profits of £59,384.

10. Tangible Fixed Assets The Group	Leasehold Improvements £	Office Furniture and Equipment £	Motor Vehicles £	Capitalised Development Expenditure £	Total £
<u>Cost</u>					
At 11th January 2000	-	-	-	-	-
Additions	166,900	2,549,577	211,793	1,890,202	4,818,472
Disposals	-	-	(63,634)	(548,982)	(612,616)
At 30th June 2001	<u>166,900</u>	<u>2,549,577</u>	<u>148,159</u>	<u>1,341,220</u>	<u>4,205,856</u>
<u>Depreciation</u>					
At 11th January 2000	-	-	-	-	-
Charge for the period	16,712	594,856	72,141	191,384	875,093
Disposals	-	-	(6,495)	(69,720)	(76,215)
At 30th June 2001	<u>16,712</u>	<u>594,856</u>	<u>65,646</u>	<u>121,664</u>	<u>798,878</u>
<u>Net Book Value</u>					
At 30th June 2001	<u>150,187</u>	<u>1,954,721</u>	<u>82,513</u>	<u>1,219,556</u>	<u>3,406,978</u>

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

11. Investments

(a) Group Undertakings

The Company has the following subsidiary undertakings:-

Name of Company	Description of shares held	Nature of Business	% held	Investment at cost 2001 £
Colonial First State Investment Managers (UK) Limited	Ordinary £1 Redeemable £1	Fund Manager	100	5,650,000
First State Investment Services (UK) Limited	Ordinary £1	Service Company	100	1,000,000
Stewart Ivory (Holdings) Limited	Ordinary £1 'C' Ordinary £1	Holding Company	100	70,400,523
				<u>77,050,523</u>

Name of Company	Description of shares held	Nature of Business	% held
First State Investments (UK) Limited *	Ordinary £1	Fund Manager	100
Colonial First State International Assets*	Ordinary £1	Fund Manager	100
First State Investment Management (UK) Limited*	'A' Ord. £1	Fund Manager	100
	'B' Ord. £1		100
Stewart Ivory & Company (International) Limited *	Ordinary £1	Fund Manager	100
Stewart Ivory Group ESOP Trustee Limited*	Ordinary £1	ESOP Company	100
Stewart Ivory Nominees Limited* (non-trading nominee company)	Ordinary £1	Nominee Company	100

* held by a subsidiary company

b) Joint Ventures

The Group has a 50% interest in two joint ventures as follows:

- (i) Babson Stewart Ivory International (BSII) which is a partnership between Stewart Ivory & Company (International) Ltd and David L Babson and operates in the United States of America.
- (ii) Cunningham Stewart Ivory Limited (CSI) which is registered and operates in Northern Ireland.

In each case, the Group is entitled to a 50% share of profits. Details of the share of assets and liabilities attributable to the Group are given below:

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

11. Investments

	2001	
	The Group	The Company
	£	£
BSII –Share of gross assets	67,879	-
CSI –Share of gross assets	94,352	-
	<u>162,231</u>	<u>-</u>
BSII–Share of gross liabilities	(67,879)	-
CSI–Share of gross liabilities	(94,352)	-
	<u>(162,231)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Both arrangements are engaged in investment management. The Directors are of the opinion that they do not exercise ultimate control over the entities although both interests represent joint arrangements under Financial Reporting Standard 9- Associates and Joint Ventures. The turnover in these accounts includes the Group's share of the income of these ventures - £4,398,478 and £74,889 respectively.

12. Debtors: amounts falling due within one year

	2001	
	The Group	The Company
	£	£
Trade debtors	9,379,047	-
Group undertakings	-	10,589,806
Tax recoverable	330,542	-
Dividend receivable	-	-
Other debtors	630,200	-
Prepayments	525,490	-
	<u>10,865,279</u>	<u>10,589,806</u>

13. Creditors: amounts falling due within one year

	2001	
	The Group	The Company
	£	£
Trade creditors	2,441,336	-
Group undertakings	-	200
Other taxation and social security costs	295,412	-
Accruals	5,952,297	12,000
Loan Notes	9,739,167	9,739,167
Other creditors	251,732	287,741
	<u>18,679,944</u>	<u>10,039,108</u>

The Loan Notes pay interest at LIBOR less 0.5 per cent. They are redeemable at par on 30th June or 31st December in any year from 31st December 2001 until 30th June 2007. Payments of principal and interest are guaranteed by Colonial Holding Company Pty Limited.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

14. Creditors: amounts falling due after one year

	The Group £	The Company £
Loan from Colonial Finance Limited	<u>26,664,994</u>	<u>26,664,994</u>

Colonial Finance Limited is registered in Australia. The loan is a partial drawdown of a seven year facility and incurs interest at a rate of LIBOR plus 0.75%.

15. Deferred Taxation

	The Group 2001		The Company 2001	
	Full Potential Liability £	Provision Made £	Full Potential Liability £	Provision Made £
Accelerated capital allowances	-	-	-	-
Other timing differences	-	(10,692)	-	-
	<u>-</u>	<u>(10,692)</u>	<u>-</u>	<u>-</u>

16. Share Capital

	The Group and Company 2001 £
Authorised:	
Ordinary shares of £1	50,000,000
Redeemable Preference shares of £1	<u>50,000,000</u>
	<u>100,000,000</u>
Issued and Fully Paid:	
Ordinary shares of £1	23,150,000
Redeemable Preference shares of £1	<u>36,616,917</u>
	<u>59,766,917</u>

23,150,000 £1 Ordinary shares were issued at par value fully paid on 8th June 2000. 1,000,000 and 35,616,917 £1 Redeemable Preference shares were issued on 8th June 2000 and 15th March 2001 respectively, all at par value fully paid. The Redeemable Preference shares are redeemable at any time at the option of the company, subject to 5 days' previous notice in writing.

The Ordinary and Redeemable Preference Shares rank *pari passu* with respect to any income or capital distribution and voting rights.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

17. Other Reserves 2001

(non-distributable)	The Group £	The Company £
Profits capitalised for bonus issue by subsidiary	25,000	-

18. Commitments

Commitments for payments in respect of operating leases to be made in the next year are as follows:-

	Land & Buildings 2001 £
Leases expiring within one year	-
Leases expiring between two and five years	495,428
Leases expiring in more than five years	470,000
	<u>965,428</u>

The Group has contracted capital commitments at 30th June 2001 of £330,000.

19. Pension Obligations

a) SSAP24 Disclosures

The Group participates in two pension schemes providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of the Group.

The total pension cost for the Group was £1,885,642. The pension cost is assessed in accordance with the advice of independent qualified actuaries using the attained age method.

The latest actuarial valuation of the Stewart Ivory scheme was at 30th June 2001. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the weighted-average investment return would be 7.25% per annum, that salary increases would average 5.2% per annum and that present and future pensions would increase at the rate of 3% per annum. At the date of the latest actuarial valuation, the market value of the assets of the scheme was £11.0m and the actuarial value of the assets was sufficient to cover 83% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

19. Pension Obligations cont.

The latest actuarial valuation of the Colonial UK Staff Pension Scheme was at 5th April 2001. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 5.9% per annum, that salary increases would average 5.2% per annum and that present and future pensions would increase at the rate of 3.0% per annum. At the date of the latest actuarial valuation, the market value of the assets of the scheme was £116.5m and the actuarial value of the assets was sufficient to cover 89% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

b) FRS 17 Retirement Benefits

Colonial UK Staff Pension Scheme

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 5th April 2001 and updated by Hymans Robertson to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30th June 2001. Scheme assets are stated at their market value at 30th June 2001. A discount rate of 6.20% has been used. The assets in the Scheme and the projected rate of return were:

	Long-term rate of return expected at 30th June 2001	Asset Mix at 30th June 2001
Equities	8.0%	38%
Bonds	5.2%	45%
Cash	5.0%	6%
Annuity	5.2%	11%
Total market value of assets		£108,800,000
Present value of scheme liabilities		£105,719,000
Surplus in the scheme		£3,081,000

Stewart Ivory Retirement Benefits Scheme

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 30th June 2001 and undertaken by Buck Consultants to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30th June 2001. Scheme assets are stated at their market value at 30th June 2001. A discount rate of 6.20% has been used.

The Scheme is now closed to new members, except for three employees already awaiting full membership. Under the projected unit method, the current service cost will increase in respect of each continuing member of the scheme as they approach retirement. The assets in the Scheme and the projected rate of return were:

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

19. Pension Obligations cont.

	Long-term rate of return expected at 30th June 2001	Asset Mix at 30th June 2001
The assets in the Scheme and the projected rate of return were:		
Equities	8.0%	71%
Gilts	5.1%	10%
Other Bonds	6.2%	3%
Property	8.0%	2%
Cash	5.0%	14%
Total market value of assets		£10,995,000
Present value of scheme liabilities		£13,250,000
Deficit in the scheme		£2,254,000

Retained losses would be reduced by £578,900 if the net surplus of both schemes were recognised net of deferred tax.

20. Profit and Loss Account

	The Group	The Company
	2001	2001
	£	£
Retained loss for the period	19,349,783	3,721,388
At 30th June 2001	<u>19,349,783</u>	<u>3,721,388</u>

21. Reconciliation of movements in shareholders' funds

	£
Total recognised losses	(19,349,783)
Dividends	-
	<u>(19,349,783)</u>
New share capital issued	59,766,917
Other reserves	25,000
Net movement in shareholders' funds	<u>40,442,134</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u>40,442,134</u>

22. Related party disclosures

The Group's income is solely derived from its activities as a manager and an administrator of investment portfolios for its clients under the terms of investment management contracts and may on a strict interpretation be deemed to be a "related party" to its clients within the definition of Financial Reporting Standard 8 - Related Party Disclosures.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**23. Ultimate Parent Company**

Commonwealth Bank of Australia, incorporated in Australia and listed on the Sydney Stock Exchange, is regarded by the Directors of the company as the Company's ultimate parent company.

The largest group in which the results of the Company will be consolidated is that of which Commonwealth Bank of Australia is the parent company. The consolidated accounts of Commonwealth Bank of Australia may be obtained from: Level 1, 48 Martin Place, Sydney, New South Wales 1155.

The smallest such group is that of First State (UK Holdings) Limited, whose consolidated accounts may be obtained from 23 St. Andrew Square, Edinburgh EH2 1BB.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**NOTICE OF MEETING**

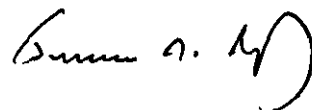
Notice is hereby given that the 1st Annual General Meeting of First State Investments (UK Holdings) Limited will be held at 23 St. Andrew Square, Edinburgh on 14th February 2002 at 11.00am to transact the following business:

1. To receive the Directors' Report and the Accounts for the period ended 30th June 2001.
2. To appoint Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.

To consider and, if thought fit, to pass the following resolutions which will be proposed as elective resolutions:

3. THAT the company hereby elects pursuant to Section 252 of the Companies Act 1985 ("the Act"), to dispense with the laying of accounts and reports before the company in general meeting.
4. THAT the company hereby elects pursuant to Section 366A of the Act, to dispense with the holding of annual general meetings.
5. THAT the company hereby elects pursuant to Section 386 of the Act, to dispense with the obligation to appoint auditors annually.

By order of the Board



J S Ayling
Secretary

23 St. Andrew Square, Edinburgh
EDINBURGH 14th January 2002

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member of the Company.