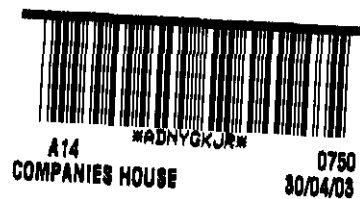


FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2002**



Registered No. 03904310

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2002**

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**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2002**

Directors:	R W Adams	
	G R Cooper	
	B M McCorkell	(resigned 15/08/02)
	S W Paul	
	P L Polson	(resigned 25/10/02)
	P M Stark	(appointed 19/09/01 and resigned 25/11/02)

Secretary: J S Ayling

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

The Directors present their report and the audited financial statements for the year ended 30th June 2002.

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 Australian Stock Exchange, is regarded by the Directors of the Company as the Company's ultimate parent company.

Review of Business and Future Developments

The First State Investments Group looks to capitalise upon three significant trends developing in the funds management industry across the UK, Europe and North America:

- The drive towards compulsory pension markets in, amongst other nations, the UK, Germany and France
- The continued shift in institutional assets currently held under management from traditional "balanced" portfolios to "specialist" portfolio structures;
- The growing demand for true global portfolios amongst institutional investors.

Against these trends, the next five years of financial markets will be uncertain, whilst likely to trend gently upwards over the period. This business environment will result in softer growth of funds flow in an industry sense and present new pressures on business managers. Whilst this will impact our growth, we do not believe that we will be as proportionately impacted as the investment management industry as a whole. In order to be able to focus on these industry trends, the Stewart Ivory Wealth Management division was sold to Adam and Company in August 2002.

Whilst the business environment will prove challenging, First State now has a solid business platform positioned for future growth. Our business management heritage; our experiences of the developed Australian market and; the contemporary business platform that First State has today, in combination, provide us with confidence that First State will be an engine of cost-effective earnings growth, adding to shareholder value over the period.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2002**

Results and Dividends

The loss for the year, after taxation was £13,502,672 (2001: £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. 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 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.

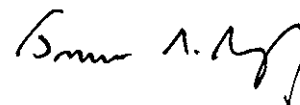
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such 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 YEAR ENDED 30TH JUNE 2002**

The Company has by elective resolution dispensed with:

- (i) the laying of financial statements and reports before the Company in general meeting;
- (ii) the holding of an annual general meeting; and
- (iii) the obligation to appoint auditors annually.

By Order of the Board



J S Ayling
Secretary

EDINBURGH
28th April 2003

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

We have audited the company's financial statements for the year ended 30 June 2002 which comprise the 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor
Edinburgh 28th April 2003

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2002

	Notes	Year ended 30th June 2002 £	Period 11 th January 2000 to 30th June 2001 £
Turnover	2	16,184,121	24,637,893
Operating expenses		<u>(34,544,302)</u>	<u>(43,144,360)</u>
Operating loss	3	(18,360,181)	(18,506,467)
Other income	6	212,198	505,095
Net interest receivable/(payable)	7	<u>218,170</u>	<u>(1,348,411)</u>
Loss on ordinary activities before tax		(17,929,813)	(19,349,783)
Tax on loss on ordinary activities	8	<u>4,427,141</u>	<u>-</u>
Loss on ordinary activities after tax	20	<u><u>(13,502,672)</u></u>	<u><u>(19,349,783)</u></u>

There were no discontinued operations or acquisitions during the year.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

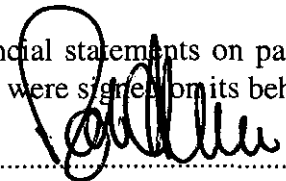
There were no recognised gains or losses in either period other than those shown above.

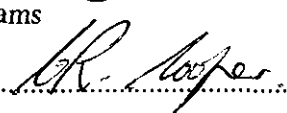
FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2002

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	9	34,520,400		36,464,936	
Tangible assets	10	<u>3,830,385</u>		<u>3,406,978</u>	
		38,350,785		39,871,914	
Investments					
Investments in joint ventures:					
Share of gross assets	11	67,319		162,231	
Share of gross liabilities	11	<u>(67,319)</u>		<u>(162,231)</u>	
			-		-
			38,350,785		39,871,914
Current Assets					
Investments		233,656		284,434	
Debtors	12	33,695,206		10,865,279	
Cash at bank		<u>28,250,433</u>		<u>34,776,137</u>	
		62,179,295		45,925,850	
Creditors					
Amounts falling due within one year	13	<u>(36,420,755)</u>		<u>(18,679,944)</u>	
Net Current Assets			25,758,540		27,245,906
			64,109,325		67,117,820
Creditors					
Amounts falling due after one year	14		-		(26,664,994)
Provisions for liabilities & charges	15		<u>(10,692)</u>		<u>(10,692)</u>
Net Assets			<u>64,098,633</u>		<u>40,442,134</u>
Capital and Reserves					
Share Capital	16		96,926,088		59,766,917
Other Reserves	17		25,000		25,000
Profit and Loss Account	20		<u>(32,852,455)</u>		<u>(19,349,783)</u>
	21		<u>64,098,633</u>		<u>40,442,134</u>
Analysis of Shareholders' Funds					
Equity			27,481,716		3,825,217
Non-equity			<u>36,616,917</u>		<u>36,616,917</u>
			<u>64,098,633</u>		<u>40,442,134</u>

The financial statements on pages 5 to 23 were approved by the Board of Directors on 28th April 2003 and were signed on its behalf by:


..... Director
R W Adams


..... Director
G R Cooper

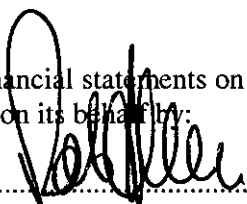
FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

BALANCE SHEET

AS AT 30TH JUNE 2002

	Notes	2002 £	2001 £
Fixed assets			
Investments:			
Shares in group undertakings	11	88,653,673	77,050,523
Current assets			
Debtors : amounts due within one year	12	10,116,792	10,589,806
Cash at bank		<u>1,330,678</u>	<u>5,109,302</u>
		11,447,470	15,699,108
Creditors			
Amounts falling due within one year	13	<u>(7,145,105)</u>	<u>(10,039,108)</u>
Net current assets		<u>4,302,365</u>	<u>5,660,000</u>
		92,956,038	82,710,523
Creditors			
Amounts falling due after one year	14	<u>-</u>	<u>(26,664,994)</u>
Total Assets		<u>92,956,038</u>	<u>56,045,529</u>
Capital and Reserves			
Share Capital	16	96,926,088	59,766,917
Profit and Loss Account	20	<u>(3,970,050)</u>	<u>(3,721,388)</u>
		92,956,038	56,045,529
Analysis of Shareholders' Funds			
Equity		56,339,121	19,428,612
Non-equity		<u>36,616,917</u>	<u>36,616,917</u>
		92,956,038	56,045,529

The financial statements on pages 5 to 23 were approved by the Board of Directors on 28th April 2003 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 YEAR ENDED 30TH JUNE 2002

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 year to 30th June 2002.

(c) Leases

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

(d) Pension scheme arrangements and FRS17: "Accounting for Retirement Benefits"

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.

As part of the notes to the financial statements, the directors have implemented, as far as is necessary, FRS17 : "Accounting for Retirement Benefits". Note 19 sets out the assumptions used in and outcomes of the prescribed FRS17 valuation of the assets and liabilities of the Group's pension schemes at 30 June 2002. The result of implementing FRS17 this year is to disclose within note 19 a net pension liability after tax of £11.7m (2001:£0.6m net asset) which, if provision was required to be made in the balance sheet, would reduce (2001 – increase) P&L reserves by a corresponding amount.

(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 ¹ / ₃ %
Website & Investment accounting system	-	20%

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

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2002**

(f) Taxation

The charge for taxation is based on the profit or loss for the year as adjusted for disallowable items. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

(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

Values of shares held in the First State OEIC investment purposes are valued market 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.

(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.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2002

2. Turnover

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

	Year ended 30th June 2002 £	Period ended 30th June 2001 £
Attributable to origin of funds under management:		
UK	10,467,887	17,825,267
Overseas	5,716,234	6,812,626
	<u>16,184,121</u>	<u>24,637,893</u>

3. Operating Loss

	Year ended 30th June 2002 £	Period ended 30th June 2001 £
Operating loss is stated after charging/(crediting):		
Employment costs (note 4)	21,776,603	25,431,950
Amortisation of goodwill	1,944,536	2,425,791
Write-off of negative goodwill	1	(924,641)
Loss on sale of fixed assets	19,372	3,424
Depreciation of fixed assets	1,093,969	875,093
Auditors' remuneration:		
Group	59,500	61,000
Company	12,500	10,000
Provision of non-audit services by Auditor:		
Group	30,018	24,000
Company	-	3,000
Foreign exchange differences	(1,177)	9,182
Operating lease payments	966,079	1,035,641

4. Employment Costs

	Year ended 30th June 2002 £	Period ended 30th June 2001 £
Salaries	17,826,321	19,286,754
Social security costs	1,491,523	2,528,117
Pension costs	1,313,673	1,885,642
Other employment costs	1,145,086	1,731,437
	<u>21,776,603</u>	<u>25,431,950</u>

The average number of staff employed during the year was 200 (period to 30th June 2001 – 121). This comprised 61 (period to 30th June 2001 – 50) fund management staff and 139 administration staff (period to 30th June 2001 – 71).

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2002**

5. Directors' Emoluments	Year ended 30th June 2002 £	Period ended 30th June 2001 £
Directors' emoluments, excluding pension contributions	<u>1,493,289</u>	<u>1,113,682</u>
Aggregate pension contributions of all Directors	<u>72,356</u>	<u>54,695</u>
The emoluments, excluding pension contributions, of the highest paid Director	<u>776,666</u>	<u>515,123</u>
Pension contributions of the highest paid director	34,167	26,054

Pension benefits are accruing to three (2001 – three) Directors under pension Schemes operated by the Company.

6. Other Income	Year ended 30th June 2002 £	Period ended 30th June 2001 £
Dividends received – unlisted investments	36,717	80,018
(Loss)/Profit on sale of investments	(19,372)	203,731
Other income	194,853	221,346
	<u>212,198</u>	<u>505,095</u>

7. Net interest receivable/(payable)	Year ended 30th June 2002 £	Period ended 30th June 2001 £
Deposit interest receivable	1,353,044	1,130,654
Bank interest payable	(49,135)	(80,823)
Interest payable on loan from Colonial Finance Ltd	(719,955)	(1,424,640)
Interest payable on Loan Notes	(365,784)	(923,884)
Other interest payable	-	(49,718)
	<u>218,170</u>	<u>(1,348,411)</u>

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2002

8. Tax on Loss on Ordinary Activities

The group relief on the loss on ordinary activities is different from that calculated at the standard rate of corporation tax in the UK of 30% (2001 - 30%). This difference is reconciled below:

	Year ended 30th June 2002	Period ended 30th June 2001
	£	£
Loss on ordinary activities before tax	17,929,813	19,349,783
Loss multiplied by the standard rate of corporation tax (30%)	5,378,944	5,804,944
Restriction on group relief claimed by other companies in same UK tax group	(951,803)	(5,804,944)
Total current group relief credit	4,427,141	-

The Company has tax losses arising from prior years in the UK which amount to £20,178,055 (2001 - £22,539,084) that are available indefinitely for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses on the grounds of prudence.

9. Intangible Assets - The Group

	Goodwill £
<u>Cost</u>	
At 30th June 2001	38,890,727
Additions	-
Write-off	-
At 30th June 2002	38,890,727
<u>Amortisation</u>	
At 30th June 2001	2,425,791
Charge for the year	1,944,536
Disposals	-
At 30th June 2002	4,370,327
<u>Net Book Value</u>	
At 30th June 2002	34,520,400
At 30th June 2001	36,464,936

The goodwill relates to the Stewart Ivory (Holdings) Ltd group which was acquired on 20th March 2000.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2002

10. Tangible Fixed Assets
The Group

	Leasehold Improvements	Office Furniture and Equipment	Motor Vehicles	Capitalised Development Expenditure	Total
	£	£	£	£	£
<u>Cost</u>					
At 30th June 2001	166,900	2,549,577	148,159	1,341,220	4,205,856
Additions	-	417,892	-	1,159,316	1,577,208
Disposals	-	-	(90,681)	-	(90,681)
At 30th June 2002	166,900	2,967,469	57,478	2,500,536	5,692,383
<u>Depreciation</u>					
At 30th June 2001	16,712	594,856	65,646	121,664	798,878
Charge for the year	12,607	528,530	(4,535)	557,367	1,093,969
Disposals	-	-	(30,849)	-	(30,849)
At 30th June 2002	29,319	1,123,386	30,262	679,031	1,861,998
<u>Net Book Value</u>					
At 30th June 2002	137,581	1,844,083	27,216	1,821,505	3,830,385
At 30th June 2001	150,187	1,954,721	82,513	1,219,556	3,406,978

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 2002 £	Investment at cost 2001 £
Colonial First State Investment Managers (UK) Limited	Ordinary £1 Redeemable £1	Fund Manager	100	5,650,000	5,650,000
First State Investment Services (UK) Limited	Ordinary £1	Service Company	100	1,000,000	1,000,000
Stewart Ivory (Holdings) Limited	Ordinary £1 'C' Ordinary £1	Holding Company	100	82,003,673	70,400,523
				<u>88,653,673</u>	<u>77,050,523</u>

The following Ordinary shares were issued by Stewart Ivory (Holdings) Limited to First State Investments (UK Holdings) Limited:

3,000,000 Ordinary shares were issued on 25/09/01

7,308,150 Ordinary shares were issued on 26/03/02

1,295,000 Ordinary shares were issued on 14/06/02

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2002

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
First State Investments International Limited *	Ordinary £1	Fund Manager	100
Stewart Ivory Group ESOP Trustee Limited*	Ordinary £1	ESOP Company	100
First State Investments (Nominees) Limited* (non-trading nominee company)	Ordinary £1	Nominee Company	100

* held by a subsidiary company

b) Joint Ventures

As at 30 June 2002 the Group has a 50% interest in two joint ventures as follows:

- (i) Babson Stewart Ivory International (BSII) which is a partnership between First State Investments International Limited and David L Babson and operates in the United States of America. On 25th September 2002, the Company paid David L Babson US \$2.75m (plus earn out commitments) for its share of the goodwill in the joint venture company operated by the two entities.
- (ii) Cunningham Stewart Ivory Limited (CSI) which is registered and operates in Northern Ireland. The two clients held by the joint venture at 30 June 2002 have now been sold to other investment managers. It is intended that the joint venture will be wound up in the short term.

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2002

11. Investments

	2002		2001	
	The Group	The Company	The Group	The Company
	£	£	£	£
BSII –Share of gross assets	24,743	-	67,879	-
CSI –Share of gross assets	42,576	-	94,352	-
	<u>67,319</u>	<u>-</u>	<u>162,231</u>	<u>-</u>
	-	-	-	-
BSII–Share of gross liabilities	(24,743)	-	(67,879)	-
CSI–Share of gross liabilities	(42,576)	-	(94,352)	-
	<u>(67,319)</u>	<u>-</u>	<u>(162,231)</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 Company's share of the income of these ventures which amounted to £1,660,107 for the year ended 30th June 2002 (2001- £2,070,293) and £36,717 (2001 - £74,889) respectively.

12. Debtors: amounts falling due within one year

	2002		2001	
	The Group	The Company	The Group	The Company
	£	£	£	£
Trade debtors	28,498,575	-	9,379,047	-
Group undertakings	-	9,918,157	-	10,589,806
Tax recoverable	4,427,141	106,569	330,542	-
Other debtors	107,738	92,066	630,200	-
Prepayments	661,752	-	525,490	-
	<u>33,695,206</u>	<u>10,116,792</u>	<u>10,865,279</u>	<u>10,589,806</u>

13. Creditors: amounts falling due within one year

	2002		2001	
	The Group	The Company	The Group	The Company
	£	£	£	£
Trade creditors	23,135,594	-	2,441,336	-
Group undertakings	-	200	-	200
Other taxation and social security costs	354,670	-	295,412	-
Accruals	5,305,534	142,909	5,952,297	12,000
Loan Notes	7,001,996	7,001,996	9,739,167	9,739,167
Other Creditors	622,961	-	251,732	287,741
	<u>36,420,755</u>	<u>7,145,105</u>	<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. 2,737,171 Loan Notes were redeemed on 31st December 2001. Payments of principal and interest are guaranteed by Colonial Holding Company Pty Limited.

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14. Creditors: amounts falling due after one year

	The Group and Company 2002 £	The Group and Company 2001 £
Loan from Colonial Finance Limited	-	26,664,994

Colonial Finance Limited is registered in Australia. The loan was a partial drawdown of a seven year facility and incurred interest at a rate of LIBOR plus 0.75%. It was repaid in full on 13th February 2002.

15. Deferred Taxation

	The Group	The Company
	Full Potential Liability £	Full Potential Liability £
Accelerated capital allowances	-	-
Other timing differences -		
At 30 June 2001	-	-
Movement in provision	-	-
At 30 June 2002	-	-

16. Share Capital

	The Group and Company 2002 £	The Group and Company 2001 £
Authorised:		
Ordinary shares of £1	100,000,000	50,000,000
Redeemable Preference shares of £1	50,000,000	50,000,000
	<u>150,000,000</u>	<u>100,000,000</u>
Issued and Fully Paid:		
Ordinary shares of £1	60,309,171	23,150,000
Redeemable Preference shares of £1	36,616,917	36,616,917
	<u>96,926,088</u>	<u>59,766,917</u>

29,359,171, 6,500,000 and 1,300,000 £1 Ordinary shares were issued on 13th February 2002, 26th March 2002 and 28th June 2002 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.

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17. Other Reserves	2002		2001	
(non-distributable)	The Group £	The Company £	The Group £	The Company £
Profits capitalised for bonus issue by subsidiary	25,000	-	25,000	-

18. Commitments

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

	Land & Buildings 2002 £	Land & Buildings 2001 £
Leases expiring within one year	-	-
Leases expiring between two and five years	-	-
Leases expiring in more than five years	965,428	965,428
	<u>965,428</u>	<u>965,428</u>

The Group has contracted capital commitments at 30th June 2002 of £nil (2001 - £330,000).

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
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19. Pension Obligations

a) SSAP24 Disclosures

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

The total pension cost for the Company was £1,313,673 (2001 - £774,515). 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 Colonial UK Staff Pension Scheme was at 5th April 2000. 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 5.90% per annum, that salary increases would average 5.20% per annum and that present and future pensions would increase at the rate of 3.00% per annum. At the date of the latest actuarial valuation, the market value of the assets of the scheme was £116.5m (using the projected unit method of valuation) 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.

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 5.20% per annum and that present and future pensions would increase at the rate of 3.00% per annum. At the date of the latest actuarial valuation, the market value of the assets of the scheme was £11.0m (using the projected unit method of valuation) 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.

The participating employer of both schemes is currently considering how best to address the deficits and is in discussion with the Trustees of both schemes regarding the possibility of a merger with another Commonwealth Bank of Australia scheme.

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19. Pension Obligations Contd./

(b) FRS 17 Retirement Benefits
Colonial UK Staff Pension Scheme

The valuation used for FRS 17 disclosures has been based on the most recent interim actuarial valuation at 5th April 2002 rolled forward to 30th June 2002 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 2002. It was assumed that the investment return would be 5.90% per annum, that salary increases would average 5.20% per annum and that present and future pensions would increase at the rate of 3.00% per annum. Scheme assets are stated at their market value at 30th June 2002. A discount rate of 5.70% has been used. The current contribution funding rate is 16.4% of pensionable salary. The future rate cannot be ascertained until the proposed merger is clarified. The assets in the Scheme and the projected rate of return were:

	Long-term rate of return expected at 30th June 2002	Asset Mix at 30th June 2002 £	Long-term rate of return expected at 30th June 2001	Asset Mix at 30th June 2001 £
Equities	8.00%	35%	8.00%	38%
Bonds	5.35%	44%	5.20%	45%
Property	8.00%	-	-	-
Cash	4.00%	3%	5.00%	6%
Annuity	5.70%	18%	5.20%	11%

	2002 £000	2001 £000
Total market value of assets	99,673	108,800
Present value of scheme liabilities	109,582	105,719
(Deficit) / Surplus in the scheme	<u>(9,909)</u>	<u>3,081</u>

Analysis of amount charged to operating profit

	Year to 30th June 2002 £000
Current Service Cost	599
Past Service Cost	-
Curtailment and Settlements	-
Decrease in irrecoverable surplus	-
Total Operating Charge	<u>599</u>

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19. Pension Obligations Contd.

Analysis of amount which would be credited to Other Finance Income

	Year to 30th June 2002 £000
Expected return on pension scheme assets	6,661
Interest on pension liabilities	(6,375)
Net Return	<u>286</u>

Analysis of amount which would be recognised in Statement of Total Recognised Gains and Losses

	Year to 30th June 2002 £000
Actual return less expected return on pension scheme assets	(4,724)
Experience losses arising on the scheme liabilities	(2,171)
Changes in assumptions underlying the present value of the scheme liabilities	(7,759)
Actuarial loss in pension plan	(14,654)
Increase/(decrease) in irrecoverable surplus from membership fall	-
Actuarial loss recognised in STRGL	<u>(14,654)</u>

History of Experience Gains and Losses

	Year to 30th June 2002 £000/%
Difference between the expected and actual return on scheme assets	(4,724)
Value of plan assets	99,673
Percentage of scheme assets	4.74%
Experience gains/(losses) on scheme liabilities	(2,171)
Present value of scheme liabilities	109,582
Percentage of the present value of scheme liabilities	-1.98%
Actuarial gains/losses recognised in STRGL	(14,654)
Present value of scheme liabilities	109,582
Percentage of the present value of scheme liabilities	-13.37%

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19. Pension Obligations Contd.

Stewart Ivory Retirement Benefits Scheme

The valuation used for FRS 17 disclosures has been based on the most recent interim actuarial valuation at 1st September 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 2002. Scheme assets are stated at their market value at 30th June 2002. It was assumed that the weighted-average investment return would be 7.25% per annum, that salary increases would average 5.20% per annum and that present and future pensions would increase at the rate of 3.00% per annum. A discount rate of 5.75% has been used. The current contribution funding rate is 20.0% of pensionable salary. The future rate cannot be ascertained until the proposed merger is clarified.

The Scheme is now closed to new members. 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:

	Long-term rate of return expected at 30th June 2002	Asset Mix at 30th June 2002	Long-term rate of return expected at 30th June 2001	Asset Mix at 30th June 2001
Equities	7.5%	78%	8.00%	71%
Bonds	5.50%	19%	5.65%	13%
Property	6.00%	-	8.00%	2%
Cash	4.5%	3%	5.00%	14%
		2002		2001
		£000		£000
Total market value of assets		9,810		10,995
Present value of scheme liabilities		16,650		13,250
Deficit in the scheme		<u>(6,840)</u>		<u>(2,255)</u>
Analysis of amount charged to operating profit				
			Year to 30th June 2002 £000	
Current Service Cost				882
Past Service Cost				466
Curtailment and Settlements				-
Decrease in irrecoverable surplus				-
Total Operating Charge				<u>1,348</u>
Analysis of amount which would be credited to Other Finance Income				
			Year to 30th June 2002 £000	
Expected return on pension scheme assets				799
Interest on pension liabilities				(886)
Net Return				<u>(87)</u>

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19. Pension Obligations Contd.

Analysis of amount which would be recognised in Statement of Total Recognised Gains and losses

	Year to 30th June 2002 £000
Actual return less expected return on pension scheme assets	(2,057)
Experience losses arising on the scheme liabilities	(149)
Changes in assumptions underlying the present value of the scheme liabilities	(1,598)
Actuarial loss in pension plan	(3,804)
Increase/(decrease) in irrecoverable surplus from membership fall	-
Actuarial loss recognised in STRGL	(3,804)

History of Experience Gains and Losses

	Year to 30th June 2002 £000/%
Difference between the expected and actual return on scheme assets	(2,057)
Value of plan assets	9,810
Percentage of scheme assets	-20.97%
Experience gains/(losses) on scheme liabilities	(149)
Present Value of scheme liabilities	16,650
Percentage of the present value of scheme liabilities	-0.89%
Actuarial gains/losses recognised in STRGL	(3,803)
Present value of scheme liabilities	16,650
Percentage of the present value of scheme liabilities	-22.84%

Retained losses would be increased by £11,723,792 (2001 - reduced by £578,900) if the net deficit (2001 - surplus) of both schemes were recognised net of deferred tax.

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20. Profit and Loss Account	The Group 2002 £	The Company 2002 £	The Group 2001 £	The Company 2001 £
At start of period	(19,349,783)	(3,721,388)	-	-
Retained loss for the period	<u>(13,502,672)</u>	<u>(248,662)</u>	<u>(19,349,783)</u>	<u>(3,721,388)</u>
At end of period	<u><u>(32,852,455)</u></u>	<u><u>(3,970,050)</u></u>	<u><u>(19,349,783)</u></u>	<u><u>(3,721,388)</u></u>

21. Reconciliation of movements in shareholders' funds

	The Group 2002 £	The Company 2002 £	The Group 2001 £	The Company 2001 £
Total recognised losses	(13,502,672)	(248,662)	(19,349,783)	(3,721,388)
New share capital issued	37,159,171	37,159,171	59,766,917	59,766,917
Other reserves	-	-	25,000	-
Net movement in shareholders' funds	<u>23,656,499</u>	<u>36,910,509</u>	<u>40,442,134</u>	<u>56,045,529</u>
Opening shareholders' funds	40,442,134	56,045,529	-	-
Closing shareholders' funds	<u><u>64,098,633</u></u>	<u><u>92,956,038</u></u>	<u><u>40,442,134</u></u>	<u><u>56,045,529</u></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.

23. Ultimate Parent Company

Commonwealth Bank of Australia, incorporated in Australia and listed on the Australian 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 or downloaded from www.commbank.com.au.

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.