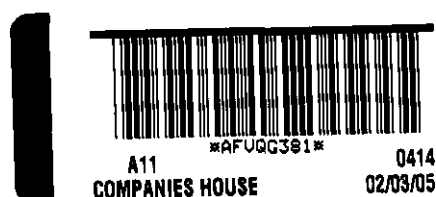


**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

Registered No. 03904310



**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

|                                      | <b>Page</b> |
|--------------------------------------|-------------|
| Directors' Report                    | 1-3         |
| Independent Auditors' Report         | 4           |
| Consolidated Profit and Loss Account | 5           |
| Consolidated Balance Sheet           | 6           |
| Balance Sheet                        | 7           |
| Notes to the Financial Statements    | 8 - 25      |

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

Directors: G R Cooper  
S W Paul  
T D T Waring (appointed 01/10/03)

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 2004.

### **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**

First State Investments is a specialist provider of investment management services, aiming to consistently deliver high quality outcomes to target investors and their advisers across our key geographies.

We are focused on offering products to institutional clients and intermediary distributors in the UK, Asia, Europe and the US in a focused range of core categories:

- global growth and selected global sector equities
- Asia Pacific and global emerging market equities
- global and domestic fixed income
- British and European smaller companies.

Our specialist approach fits well to key thematic trends in our industry, including:

- *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 truly global portfolios amongst institutional investors.

Over the past 12 months we have further refined our product offering along these specialist themes, closing a number of non-core pooled funds, and launching new products in Asia Pacific ex-Japan equities, global emerging markets equities and debt, greater China, and global resources equities. Over this period we have attracted significant asset flows from institutional investors in particular into Asia Pacific ex-Japan and global emerging markets equities. First State has also embarked upon a funds management joint venture in China, and launched First State Investments Indonesia, extending the Commonwealth Bank's wealth management capabilities further in the Asian region.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**Review of Business and Future Developments Contd.**

In 2003 we combined First State's Asian and UK operations into one business, providing an exciting platform from which to grow our product range and business structure. We focus on the following goals as we continue to develop our investment management business:

- to achieve superior investment performance across our range of products
- to develop innovative investment products that meet the evolving and diverse needs of our clients
- to build high quality relationships with our clients
- to respect the relationship between investors and their advisors.

**Results and Dividends**

The loss for the year, after taxation was £7,893,054 (Restated 2003: £21,567,068).

Computer software and project development costs were capitalised in prior years and depreciated over a 30 month period. Due to the increasing speed of technological change in the investment management sector, the Directors decided to change the depreciation accounting policy with effect from 1<sup>st</sup> July 2003. All such costs are now expensed as incurred to reflect the fact that system upgrades or replacements are now required much more frequently. The 2003 comparative figures have been restated as if the change in accounting policy had taken effect from 30 June 2002.

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 above. There are no Directors' share interests requiring disclosure under the Companies Act 1985.

**Directors' and Officers' Insurance**

An insurance policy has been affected 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; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**Statement of Directors' Responsibilities in respect of the Accounts Contd.**

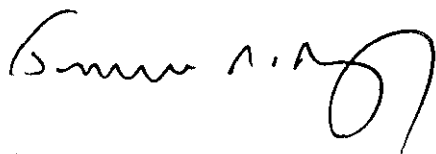
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors and General Meetings**

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 October 2004

## **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 30th June 2004 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet and the related notes 1 to 22. 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 Company 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 accounts. 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 Company'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 2004 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  
28<sup>th</sup> October 2004

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

|                                               | Notes | Year ended<br>30th June<br>2004<br>£ | Year ended<br>30th June<br>2003<br>Restated<br>£ |
|-----------------------------------------------|-------|--------------------------------------|--------------------------------------------------|
| <b>Turnover</b>                               | 2     | 33,063,151                           | 15,421,336                                       |
| Administrative expenses                       |       | <u>(43,555,105)</u>                  | <u>(37,470,741)</u>                              |
| <b>Operating loss</b>                         | 3     | (10,491,954)                         | (22,049,405)                                     |
| Other income / (expenses)                     | 6     | 250,650                              | (3,407,369)                                      |
| Net interest receivable                       | 7     | <u>413,459</u>                       | <u>601,635</u>                                   |
| <b>Loss on ordinary activities before tax</b> |       | (9,827,845)                          | (24,855,139)                                     |
| Tax on loss on ordinary activities            | 8     | <u>1,934,791</u>                     | <u>3,288,071</u>                                 |
| <b>Loss on ordinary activities after tax</b>  | 20    | <u>(7,893,054)</u>                   | <u>(21,567,068)</u>                              |

There were no acquisitions during the year.

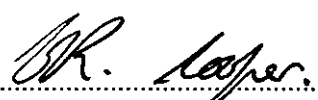
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

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 30<sup>th</sup> JUNE 2004**

|                                        | Notes | 2004                | 2003 Restated       |
|----------------------------------------|-------|---------------------|---------------------|
|                                        |       | £                   | £                   |
| <b>Fixed Assets</b>                    |       |                     |                     |
| Intangible investment                  | 11    | 3,271,350           | 3,771,995           |
| Goodwill                               | 9     | 20,333,075          | 21,623,858          |
| Tangible assets                        | 10    | <u>1,316,353</u>    | <u>1,741,047</u>    |
|                                        |       | 24,920,778          | 27,136,900          |
| <b>Investments</b>                     |       |                     |                     |
| Investments in joint ventures:         |       |                     |                     |
| Share of gross assets                  | 11    | 7,821               | 13,166              |
| Share of gross liabilities             | 11    | <u>(7,821)</u>      | <u>(13,166)</u>     |
|                                        |       | -                   | -                   |
|                                        |       | 24,920,778          | 27,136,900          |
| <b>Current Assets</b>                  |       |                     |                     |
| Investments                            |       | 161,892             | 1,065,426           |
| Debtors                                | 12    | 32,290,663          | 37,564,081          |
| Cash at bank                           |       | <u>23,087,239</u>   | <u>8,426,870</u>    |
|                                        |       | 55,539,794          | 47,056,377          |
| <b>Creditors</b>                       |       |                     |                     |
| Amounts falling due within one year    | 13    | <u>(33,653,887)</u> | <u>(27,937,904)</u> |
| <b>Net Current Assets</b>              |       | 21,885,907          | 19,118,473          |
|                                        |       | 46,806,685          | 46,255,373          |
| <b>Creditors</b>                       |       |                     |                     |
| Amounts falling due after one year     | 14    | <u>(714,679)</u>    | <u>(1,345,313)</u>  |
| <b>Net Assets</b>                      |       | 46,092,006          | 44,910,060          |
| <b>Capital and Reserves</b>            |       |                     |                     |
| Share Capital                          | 15    | 110,226,088         | 101,126,088         |
| Other Reserves                         | 16    | -                   | 25,000              |
| Profit and Loss Account                | 19    | <u>(64,134,082)</u> | <u>(56,241,028)</u> |
|                                        | 20    | 46,092,006          | 44,910,060          |
| <b>Analysis of Shareholders' Funds</b> |       |                     |                     |
| Equity                                 |       | 1,625,089           | 8,293,143           |
| Non-equity                             |       | <u>44,466,917</u>   | <u>36,616,917</u>   |
|                                        |       | 46,092,006          | 44,910,060          |

The financial statements on pages 5 to 25 were approved by the Board of Directors on 28<sup>th</sup> October 2004 and were signed on its behalf by:

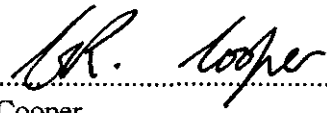
 Director  
G R Cooper

28<sup>th</sup> October 2004

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**BALANCE SHEET**  
**AS AT 30<sup>th</sup> JUNE 2004**

|                                        | Notes | 2004<br>£           | 2003<br>£           |
|----------------------------------------|-------|---------------------|---------------------|
| <b>Fixed assets</b>                    |       |                     |                     |
| Investments:                           |       |                     |                     |
| Shares in group undertakings           | 11    | 82,109,521          | 57,890,000          |
| <b>Current assets</b>                  |       |                     |                     |
| Debtors :                              | 12    |                     |                     |
| Amounts falling due after one year     |       | 7,100,000           | -                   |
| Amounts falling due within one year    |       | 3,960,399           | 3,125,794           |
| Cash at bank                           |       | <u>692,935</u>      | <u>1,355,872</u>    |
|                                        |       | 11,753,334          | 4,481,666           |
| <b>Creditors</b>                       |       |                     |                     |
| Amounts falling due within one year    | 13    | <u>(3,149,725)</u>  | <u>(4,207,406)</u>  |
| <b>Net current assets/Total Assets</b> |       | <u>8,603,609</u>    | <u>274,260</u>      |
|                                        |       | <u>90,713,130</u>   | <u>58,164,260</u>   |
| <b>Capital and Reserves</b>            |       |                     |                     |
| Share Capital                          | 15    | 110,226,088         | 101,126,088         |
| Profit and Loss Account                | 19    | <u>(19,512,958)</u> | <u>(42,961,828)</u> |
|                                        | 20    | <u>90,713,130</u>   | <u>58,164,260</u>   |
| <b>Analysis of Shareholders' Funds</b> |       |                     |                     |
| Equity                                 |       | 46,246,213          | 21,547,343          |
| Non-equity                             |       | <u>44,466,917</u>   | <u>36,616,917</u>   |
|                                        |       | <u>90,713,130</u>   | <u>58,164,260</u>   |

The financial statements on pages 5 to 25 were approved by the Board of Directors on 28<sup>th</sup> October 2004 and were signed on its behalf by:

 Director  
G R Cooper

28th October 2004

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2004**

**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 2004.

(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

The Company provides a pension scheme, the defined benefit section of which is now closed. The defined contribution section is available to all new staff. The defined benefit fund is valued every three years by professionally qualified independent actuaries, the rate 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 Company 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 Company 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 11 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 2004. The result of implementing FRS17 this year is to disclose within note 11 a net pension liability after tax of £2.98m (2003 : £3.72m) which, if provision was required to be made in the balance sheet, would reduce (2003 – reduce) 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 | - | Over the remaining term of the lease |
| Office equipment       | - | 25%                                  |
| Office furniture       | - | 12.5%                                |
| Motor vehicles         | - | 25%                                  |

Computer software and project development costs were capitalised in prior years and depreciated over a 30 month period. Due to the increasing speed of technological change in the investment management sector, the Directors decided to change this accounting policy with effect from 1<sup>st</sup> July 2003. All such costs are now expensed as incurred to reflect the fact that system upgrades or replacements are now required much more frequently. The 2003 comparative figures have been restated as if the change in accounting policy had taken effect from 30 June 2002.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

(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

Shares held in the First State Investments ICVC for investment purposes are valued at 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. The investment in the Babson Stewart Ivory International partnership is valued at the Company's share of the partnership's net assets (excluding the Company's share of trade debtors of the partnership which are accounted for within the Company's own debtors).

(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 is assessed annually. Positive goodwill is amortised over a 20 year period.

The intangible investment in the Babson Partnership is valued based on the initial and deferred consideration paid to purchase the goodwill attaching to the clients and the rights to the client income in the future (see note 11). The total investment is being amortised over a 5 year period from the initial investment.

(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 22. 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 30<sup>th</sup> JUNE 2004**

**2. Turnover**

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

|                                                   | <b>2004</b>       | <b>2003</b>       |
|---------------------------------------------------|-------------------|-------------------|
|                                                   | <b>£</b>          | <b>£</b>          |
| Attributable to origin of funds under management: |                   |                   |
| UK                                                | 18,937,064        | 8,490,382         |
| Overseas                                          | 14,126,087        | 6,930,954         |
|                                                   | <u>33,063,151</u> | <u>15,421,336</u> |

**3. Operating loss**

|                                             | <b>2004</b> | <b>2003</b>           |
|---------------------------------------------|-------------|-----------------------|
|                                             | <b>£</b>    | <b>Restated<br/>£</b> |
| Operating loss is stated after charging     |             |                       |
| Employment costs (note 4)                   | 25,292,177  | 23,720,127            |
| Amortisation of goodwill                    | 1,290,783   | 1,290,783             |
| Depreciation of owned fixed assets          | 562,545     | 617,399               |
| Provision of non-audit services by auditor: |             |                       |
| Group                                       | 16,500      | 25,790                |
| Company                                     | 4,000       | 4,000                 |
| Foreign exchange differences                | 132,751     | 5,027                 |
| Operating lease payments                    | 892,946     | 942,318               |

The remuneration of the Company's auditors for the provision of audit services for the Group £73,175 (2003 - £61,400); the Company £14,500 (2003 £13,200). This remuneration is being settled by a Group parent company.

**4. Employment costs**

|                        | <b>2004</b>       | <b>2003</b>       |
|------------------------|-------------------|-------------------|
|                        | <b>£</b>          | <b>£</b>          |
| Salaries               | 20,957,376        | 19,628,884        |
| Social security costs  | 1,702,760         | 1,536,396         |
| Pension costs          | 2,029,541         | 1,821,949         |
| Other employment costs | 602,500           | 732,898           |
|                        | <u>25,292,177</u> | <u>23,720,127</u> |

The average number of staff employed during the year was 179 (2003 - 182). This comprised 63 (2003 - 65) fund management staff and 116 administration staff (2003 - 117).

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

|                                                                               |                  |                  |
|-------------------------------------------------------------------------------|------------------|------------------|
| <b>5. Directors' emoluments</b>                                               | <b>2004</b>      | <b>2003</b>      |
|                                                                               | <b>£</b>         | <b>£</b>         |
| Directors' emoluments, excluding pension contributions                        | <u>1,326,821</u> | <u>1,272,614</u> |
| Aggregate pension contributions of all Directors                              | <u>69,950</u>    | <u>52,807</u>    |
| The emoluments, excluding pension contributions, of the highest paid Director | <u>995,833</u>   | <u>752,000</u>   |
| Pension contributions of the highest paid director                            | <u>33,290</u>    | <u>33,286</u>    |

Pension benefits are accruing to three (2003 – two) Directors under pension schemes operated by the Company. The accrued retirement benefit of the highest paid Director was £35,600 (2003 - £31,644).

|                                      |                |                    |
|--------------------------------------|----------------|--------------------|
| <b>6. Other income / (expenses)</b>  | <b>2004</b>    | <b>2003</b>        |
|                                      | <b>£</b>       | <b>£</b>           |
| Gain / (loss) on sale of investments | 29,382         | (4,345,434)        |
| Other income                         | <u>221,268</u> | <u>938,065</u>     |
|                                      | <u>250,650</u> | <u>(3,407,369)</u> |

|                                                                       |                  |                |
|-----------------------------------------------------------------------|------------------|----------------|
| <b>7. Net interest receivable</b>                                     | <b>2004</b>      | <b>2003</b>    |
|                                                                       | <b>£</b>         | <b>£</b>       |
| Deposit interest receivable                                           | 765,728          | 848,240        |
| Bank interest payable                                                 | (72,960)         | (42,155)       |
| Interest payable on loan from Colonial Finance Ltd                    | -                | (7,639)        |
| Interest payable on Loan notes                                        | (108,794)        | (196,811)      |
| Finance charge on calculating present value of deferred consideration | <u>(170,515)</u> | <u>-</u>       |
|                                                                       | <u>413,459</u>   | <u>601,635</u> |

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**8. Tax on loss on ordinary activities**

|                                           | <b>2004</b>      | <b>2003</b>      |
|-------------------------------------------|------------------|------------------|
|                                           | <b>£</b>         | <b>£</b>         |
| Group Relief : (see reconciliation below) | 1,821,864        | 3,797,107        |
| Group Relief over provided in prior year  | 112,927          | (509,036)        |
|                                           | <u>1,934,791</u> | <u>3,288,071</u> |

Factors affecting tax charge for the period.

The group relief on the profit/(loss) on ordinary activities for the period differs from that calculated at the standard rate of corporation tax in the UK of 30% (2003 : 30%)

|                                                                                                          | <b>2004</b>        | <b>2003</b>           |
|----------------------------------------------------------------------------------------------------------|--------------------|-----------------------|
|                                                                                                          | <b>£</b>           | <b>Restated<br/>£</b> |
| Loss on ordinary activities before tax                                                                   | (9,827,845)        | (24,855,139)          |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 : 30%) | (2,948,353)        | (7,456,542)           |
| (Gain) /Loss on sale of investments not allowable for tax                                                | (8,815)            | 1,304,824             |
| Restriction on group relief claimed by other companies in same UK tax group                              | -                  | 2,548,431             |
| Goodwill amortisation                                                                                    | 387,235            | -                     |
| Restatement of software accounting policy                                                                | -                  | (193,821)             |
| Pension cost timing differences                                                                          | (8,615)            | -                     |
| Disallowed expenses                                                                                      | 74,864             | -                     |
| SSAP 24 disallowance                                                                                     | 188,700            | -                     |
| Difference between capital allowance and depreciation                                                    | 22,003             | -                     |
| Adjustment to initial consideration on Babson investment                                                 | 111,140            | -                     |
| Disallowance for finance charge                                                                          | 51,154             | -                     |
| Disallowance for amortisation                                                                            | 308,823            | -                     |
| Current group relief for the period                                                                      | <u>(1,821,864)</u> | <u>(3,797,107)</u>    |

The Group has tax losses arising from prior years in the UK which amount to £22,729,082 (2003 - £23,686,451) that are available indefinitely for offset against future taxable profits.

The Company has an unrecognised deferred tax asset of £1,350,000 relating to accelerated capital allowances and other timing differences. This has not been recognised as there is insufficient evidence as to its recoverability in the foreseeable future.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**9 Goodwill**

|                       | £                 |
|-----------------------|-------------------|
| <u>Cost</u>           |                   |
| At 30th June 2003     | 25,815,665        |
| Additions             | -                 |
| Write-off             | -                 |
| At 30th June 2004     | <u>25,815,665</u> |
| <u>Amortisation</u>   |                   |
| At 30th June 2003     | 4,191,807         |
| Charge for the year   | 1,290,783         |
| Disposals             | -                 |
| At 30th June 2004     | <u>5,482,590</u>  |
| <u>Net Book Value</u> |                   |
| At 30th June 2004     | <u>20,333,075</u> |
| At 30th June 2003     | <u>21,623,858</u> |

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

**10. Tangible fixed assets**  
**The Group**

|                       | Leasehold<br>Improvements | Office Furniture<br>and Equipment | Motor<br>Vehicles | 2003 Restated<br>Capitalised<br>Development<br>Expenditure | 2003<br>Restated<br>Total |
|-----------------------|---------------------------|-----------------------------------|-------------------|------------------------------------------------------------|---------------------------|
|                       | £                         | £                                 | £                 | £                                                          | £                         |
| <u>Cost</u>           |                           |                                   |                   |                                                            |                           |
| At 30th June 2003     | 482,281                   | 2,947,386                         | 11,697            | -                                                          | 3,441,364                 |
| Additions             | 8,453                     | 149,975                           | -                 | -                                                          | 158,428                   |
| Disposals             | -                         | (755,869)                         | -                 | -                                                          | (755,869)                 |
| At 30th June 2004     | <u>490,734</u>            | <u>2,341,492</u>                  | <u>11,697</u>     | <u>-</u>                                                   | <u>2,843,923</u>          |
| <u>Depreciation</u>   |                           |                                   |                   |                                                            |                           |
| At 30th June 2003     | 73,944                    | 1,617,327                         | 9,046             | -                                                          | 1,700,317                 |
| Charge for the year   | 73,850                    | 486,044                           | 2,651             | -                                                          | 562,545                   |
| Disposals             | -                         | (735,292)                         | -                 | -                                                          | (735,292)                 |
| At 30th June 2004     | <u>147,794</u>            | <u>1,368,079</u>                  | <u>11,697</u>     | <u>-</u>                                                   | <u>1,527,570</u>          |
| <u>Net Book Value</u> |                           |                                   |                   |                                                            |                           |
| At 30th June 2004     | <u>342,940</u>            | <u>973,413</u>                    | <u>-</u>          | <u>-</u>                                                   | <u>1,316,353</u>          |
| At 30th June 2003     | <u>408,337</u>            | <u>1,330,058</u>                  | <u>2,651</u>      | <u>-</u>                                                   | <u>1,741,046</u>          |

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**11. Investments**

(a) Group undertakings

The Company has the following subsidiary undertakings:-

| Name of company                                       | Description of shares held | Nature of Business | % held | 2004              | 2003              |
|-------------------------------------------------------|----------------------------|--------------------|--------|-------------------|-------------------|
|                                                       |                            |                    |        | £                 | £                 |
| Colonial First State Investment Managers (UK) Limited | Ordinary £1                | Fund Manager       | 100    | <u>2,150,000</u>  | 2,150,000         |
| Colonial First State Investment Managers (UK) Limited | Redeemable £1              | Fund Manager       | 100    | 3,500,000         | 3,500,000         |
| First State Investment Services (UK) Limited          | Ordinary £1                | Service Company    | 100    | 1,000,000         | 1,000,000         |
| SI (Holdings) Limited                                 | Ordinary £1                | Holding Company    | 100    | 75,384,521        | 51,165,000        |
| SI (Holdings) Limited                                 | 'C' Ordinary £1            | Holding Company    | 100    | 75,000            | 75,000            |
|                                                       |                            |                    |        | <u>82,109,521</u> | <u>57,890,000</u> |

The investment in SI (Holdings) Limited was increased by the issue of £1,250,000 ordinary shares and by a £22,969,521 increase in carrying value following review of future business prospects.

The following group companies are held by a subsidiary of First State Investments (UK Holdings) Ltd :-

| Name of company                                | Description of shares held | Nature of Business   | % held |
|------------------------------------------------|----------------------------|----------------------|--------|
| First State Investments (UK) Limited           | 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    |
| First State Investments International Inc      | Ordinary \$0.01            | Marketing Subsidiary | 100    |

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**11. Investments**

(b) Intangible investments

|                                            | £                |
|--------------------------------------------|------------------|
| <u>Cost</u>                                |                  |
| At 30th June 2003                          | 4,260,447        |
| Additions:                                 |                  |
| Change in estimated deferred consideration | 510,684          |
| At 30th June 2004                          | <u>4,771,131</u> |
| <u>Amortisation</u>                        |                  |
| At 30th June 2003                          | 488,452          |
| Charge for the year                        | 1,011,329        |
| At 30th June 2004                          | <u>1,499,781</u> |
| <u>Net Book Value</u>                      |                  |
| At 30th June 2004                          | <u>3,271,350</u> |
| At 30th June 2003                          | <u>3,771,995</u> |

On 20th September 2002 the Company paid US\$ 2.75million (£1,776,715) for the goodwill attaching to the clients of the Babson joint venture and the right to receive 100% of income from all partnership clients from 20th September 2005, subject to those clients transferring their investment mandates from the partnership to the Company. The present value of the deferred consideration for those clients that had transferred at 30th June 2004, amounting to £2,255,283 (30 June 2003 : £2,421,564), has been recognised as a liability and as an increase in the carrying value of the intangible investment.

Once all clients have transferred to the Company, the Company has the right to purchase David L Babson's share of the partnership for US\$ 1,000.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**11. Investments contd.**

(c) Joint ventures

As at 30 June 2004 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 2003 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:

|                                 | 2004           |             | 2003            |             |
|---------------------------------|----------------|-------------|-----------------|-------------|
|                                 | The Group      | The Company | The Group       | The Company |
|                                 | £              | £           | £               | £           |
| BSII –Share of gross assets     | 7,821          | -           | 13,166          | -           |
| CSI –Share of gross assets      | -              | -           | -               | -           |
|                                 | <u>7,821</u>   | <u>-</u>    | <u>13,166</u>   | <u>-</u>    |
| BSII–Share of gross liabilities | (7,821)        | -           | (13,166)        | -           |
| CSI–Share of gross liabilities  | -              | -           | -               | -           |
|                                 | <u>(7,821)</u> | <u>-</u>    | <u>(13,166)</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 £132,600 for the year ended 30th June 2004 (2003- £1,107,000) and £8,608 (2003 - £3,450) respectively.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**12. Debtors**

**Amounts falling due within one year**

|                                        | 2004              |                  | 2003              |                  |
|----------------------------------------|-------------------|------------------|-------------------|------------------|
|                                        | The Group         | The Company      | The Group         | The Company      |
|                                        | £                 | £                | £                 | £                |
| Trade debtors                          | 21,926,026        | -                | 28,722,379        | -                |
| Amounts owed by subsidiary undertaking | 1,717,307         | 3,315,539        | 415,025           | 3,039,513        |
| Group relief                           | 1,792,695         | 635,655          | 4,112,812         | 65,530           |
| Other debtors                          | 1,679,781         | 9,205            | 238,612           | 20,751           |
| Other taxation and social security     | 95,882            | -                | 326,771           | -                |
| Tax recoverable                        | 345,019           | -                | 362,594           | -                |
| Prepayments and accrued income         | 4,733,953         | -                | 3,385,888         | -                |
|                                        | <u>32,290,663</u> | <u>3,960,399</u> | <u>37,564,081</u> | <u>3,125,794</u> |

**Amounts falling due after more than one year**

|                                     |          |                  |          |          |
|-------------------------------------|----------|------------------|----------|----------|
| Sub-ordinated loan to FSIM (UK) Ltd | -        | 7,100,000        | -        | -        |
|                                     | <u>-</u> | <u>7,100,000</u> | <u>-</u> | <u>-</u> |

Two loans were made on 1st April 2004 to FSIM Ltd in the amounts of £3,500,000 and £3,600,000. Both are repayable after receiving one month's written notice but only once a two year term has expired. Interest is receivable on each loan on 31<sup>st</sup> March each year at a rate of 1.5% above LIBOR.

**13. Creditors: amounts falling due within one year**

|                                          | 2004              |                  | 2003              |                  |
|------------------------------------------|-------------------|------------------|-------------------|------------------|
|                                          | The Group         | The Company      | The Group         | The Company      |
|                                          | £                 | £                | £                 | £                |
| Trade creditors                          | 17,968,592        | -                | 16,782,409        | -                |
| Amounts owed to group undertakings       | 1,129,000         | -                | -                 | 793,000          |
| Other taxation and social security costs | 567,700           | -                | 456,898           | -                |
| Accruals and deferred income             | 9,088,018         | 70,455           | 6,037,016         | 93,036           |
| Loan notes                               | 3,079,270         | 3,079,270        | 3,321,370         | 3,321,370        |
| Deferred consideration                   | 1,540,604         | -                | 1,076,251         | -                |
| Other creditors                          | 280,703           | -                | 263,960           | -                |
|                                          | <u>33,653,887</u> | <u>3,149,725</u> | <u>27,937,904</u> | <u>4,207,406</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 2004 until 30th June 2007. Payments of principal and interest are guaranteed by Colonial Holding Company Pty Limited.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**14. Creditors: amounts falling due after one year**

|                                | <b>The Group</b> | <b>The Group</b> |
|--------------------------------|------------------|------------------|
|                                | <b>2004</b>      | <b>2003</b>      |
|                                | <b>£</b>         | <b>£</b>         |
| Deferred consideration payable |                  |                  |
| Payable between 1 – 2 years    | 714,679          | 1,076,251        |
| Payable between 2 – 5 years    | -                | 269,062          |
|                                | <u>714,679</u>   | <u>1,345,313</u> |

The deferred consideration relates to the further investment in the goodwill of the Babson partnership.

**15. Share capital**

|                                    | <b>The Group<br/>and Company<br/>2004</b> | <b>The Group<br/>and Company<br/>2003</b> |
|------------------------------------|-------------------------------------------|-------------------------------------------|
|                                    | <b>£</b>                                  | <b>£</b>                                  |
| Authorised:                        |                                           |                                           |
| Ordinary shares of £1              | 100,000,000                               | 100,000,000                               |
| Redeemable preference shares of £1 | <u>50,000,000</u>                         | <u>50,000,000</u>                         |
|                                    | <u>150,000,000</u>                        | <u>150,000,000</u>                        |
| Issued and fully paid:             |                                           |                                           |
| Ordinary shares of £1              | 65,759,171                                | 64,509,171                                |
| Redeemable preference shares of £1 | <u>44,466,917</u>                         | <u>36,616,917</u>                         |
|                                    | <u>110,226,088</u>                        | <u>101,126,088</u>                        |

1,250,000 £1 Ordinary shares were issued on 23 December 2003, at par value fully paid.  
7,100,000 and 750,000 Preference shares were redeemed on 26 March 2004 and 11 May 2004 respectively. 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

| 16. Other reserves                                   | 2004                       |                              | 2003                       |                              |
|------------------------------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| (non-distributable)                                  |                            |                              |                            |                              |
|                                                      | <b>The<br/>Group<br/>£</b> | <b>The<br/>Company<br/>£</b> | <b>The<br/>Group<br/>£</b> | <b>The<br/>Company<br/>£</b> |
| Profits capitalised for bonus<br>issue by subsidiary | -                          | -                            | 25,000                     | -                            |
|                                                      | <hr/>                      | <hr/>                        | <hr/>                      | <hr/>                        |

**17. Commitments**

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

|                                            | <b>Land &amp; Buildings<br/>2004<br/>£</b> | <b>Land &amp; Buildings<br/>2003<br/>£</b> |
|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| Leases expiring within one year            | -                                          | -                                          |
| Leases expiring between two and five years | 495,428                                    | -                                          |
| Leases expiring in more than five years    | 470,000                                    | 965,428                                    |
|                                            | <hr/> 965,428 <hr/>                        | <hr/> 965,428 <hr/>                        |

The Group has contracted capital commitments at 30th June 2004 of £nil (2003 - £nil).

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**18. Pension obligations**

First State Investments participates in the Commonwealth Bank of Australia (UK) Staff Benefits Scheme. The defined benefit section of the Scheme is now closed. The defined contribution section is available to all new staff. Both sections of the Scheme are funded by the payment of contributions to separately administered trust funds.

Previously the Company participated in two pension schemes, the Colonial UK Staff Pension Scheme and The Stewart Ivory Retirement Benefits Scheme, however on 1 August 2003 the schemes were merged into Commonwealth Bank of Australia (UK) Staff Benefits Scheme.

Members of both legacy schemes retain their on-going benefits for previous and future employment periods. Accordingly separate funding rates will continue to be assessed for both groups of liabilities.

From 1 July 2004 it has been agreed that responsibility for the assets and liabilities arising from previous employees of Colonial Life UK that were members of the Colonial UK Staff Pension Scheme will be taken on by another Commonwealth Bank of Australia Group Company. Accordingly the current year FRS 17 disclosures only reflect the continuing and deferred First State Investments employees. Where possible the June 2003 comparative figures have been re-stated.

**a) SSAP 24 Disclosures**

The total pension cost for the defined benefit section of the pension scheme was £1,889,000 (2003 - £1,821,949). A provision amounting to £1,012,000 representing the difference between the amount recognised as cost and the amount funded to the scheme has been included in accruals and deferred income in Note 9. The pension cost is assessed in accordance with the advice of independent qualified actuaries.

The latest actuarial valuation was at 1<sup>st</sup> August 2003.

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.

Assumptions used to assess the regular cost and scheme surplus

Pre retirement rate of interest 6.5%

Post retirement rate of interest 4.7%

Rate of salary increases 4.2%

Rate of Pensions increases 2.7%

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**18. Pension obligations contd.**

**a) SSAP 24 Disclosures**

The assumptions adopted currently constitute reasonable best estimates of the future experience of the scheme; and in conjunction with the method used, seek to produce a rational and stable reflection of long-term costs, when expressed as a percentage of pensionable earnings.

At 30 June 2004 the market value of the assets of the scheme was £16.26m and this was sufficient to cover 80% of the benefits which had accrued.

**b) FRS 17 Disclosures**

The valuation used for FRS 17 disclosures has been based on the most recent interim actuarial valuation at 1<sup>st</sup> August 2003 rolled forward to 30<sup>th</sup> June 2004 and updated by Jardine Lloyd Thompson to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30th June 2004.

This disclosure has been provided on the basis that the Company does not wish to fully implement FRS17 in advance of when required and as such, FRS17 represents additional disclosures, which do not this year impact on the financial statements.

The current contribution funding rate is 16.5% of pensionable salary for the Colonial UK Staff Pension Scheme legacy liabilities and 20% of pensionable salary for the Stewart Ivory Retirement Benefits Scheme legacy liabilities.

The assets of the scheme have been taken at mid-market value and then liabilities have been calculated using the following principal actuarial assumptions:

|                                                                                                          | <b>2004</b> | <b>2003</b> |
|----------------------------------------------------------------------------------------------------------|-------------|-------------|
| Inflation                                                                                                | 3.00%       | 2.50%       |
| Salary Increases                                                                                         | 4.00%       | 4.00%       |
| Rate of discount                                                                                         | 5.75%       | 5.00%       |
| Pension increases in line with retail price inflation limited to 5% pa                                   | 3.00%       | 2.50%       |
| Pension increases in line with retail price inflation limited to 5% pa, with a minimum increase of 3% pa | 3.00%       | 3.00%       |

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**18. Pension obligations contd.**

**b) FRS 17 Disclosures**

The assets in the scheme and the projected rate of return were:

|                                     | Long-term<br>rate of<br>return<br>expected at<br>30th June<br>2004 | Asset Mix at<br>30th June<br>2004 | Long-term<br>rate of<br>return<br>expected at<br>30th June<br>2003 | Asset Mix at<br>30th June<br>2003 |
|-------------------------------------|--------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------|-----------------------------------|
| Equities                            | 7.50%                                                              | 44.62%                            | 6.0%                                                               | 43.35%                            |
| Bonds                               | 5.75%                                                              | 55.38%                            | 6.0%                                                               | 56.65%                            |
|                                     |                                                                    | <b>2004</b>                       |                                                                    | <b>2003</b>                       |
|                                     |                                                                    | <b>£'m</b>                        |                                                                    | <b>£'m</b>                        |
| Total market value of assets        |                                                                    | 17.65                             |                                                                    | 17.34                             |
| Present value of scheme liabilities |                                                                    | 21.91                             |                                                                    | 22.66                             |
| <b>Deficit in the scheme</b>        |                                                                    | <u>(4.26)</u>                     |                                                                    | <u>(5.32)</u>                     |

**Analysis of charge to the Profit and loss account over the financial year**

|                                          | <b>2004</b><br><b>£'m</b> |
|------------------------------------------|---------------------------|
| <b>Operating Profit</b>                  |                           |
| Current Service Cost                     | 1.61                      |
| Past Service Cost                        | -                         |
| Curtailment and Settlements              | -                         |
| Decrease in irrecoverable surplus        | -                         |
| <b>Total Operating Charge</b>            | <u>1.61</u>               |
| <b>Other Finance Income</b>              |                           |
| Expected return on pension scheme assets | (1.07)                    |
| Interest on pension liabilities          | 1.17                      |
| <b>Net Return</b>                        | <u>0.10</u>               |
| <b>Total</b>                             | <u>1.71</u>               |

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**18. Pension obligations contd.**

**b) FRS 17 Disclosures**

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

|                                                                               | <b>2004</b> |
|-------------------------------------------------------------------------------|-------------|
|                                                                               | <b>£'m</b>  |
| Actual return less expected return on pension scheme assets                   | (2.02)      |
| Experience losses arising on the scheme liabilities                           | (0.43)      |
| Changes in assumptions underlying the present value of the scheme liabilities | 3.96        |
| Actuarial gain in pension plan                                                | 1.51        |
| Increase/(decrease) in irrecoverable surplus from membership fall             | -           |
| <b>Actuarial gain recognised in STRGL</b>                                     | <b>1.51</b> |

**History of Experience Gains and Losses**

|                                                                    | <b>2004</b>   |
|--------------------------------------------------------------------|---------------|
|                                                                    | <b>£'m/%</b>  |
| Difference between the expected and actual return on scheme assets | (2.02)        |
| Value of plan assets                                               | 17.65         |
| Percentage of scheme assets                                        | <b>11.44%</b> |
| Experience gains/(losses) on scheme liabilities                    | (0.43)        |
| Present value of scheme liabilities                                | 21.91         |
| Percentage of the present value of scheme liabilities              | <b>2.0%</b>   |
| Actuarial gains/losses recognised in STRGL                         | 1.51          |
| Present value of scheme liabilities                                | 21.91         |
| Percentage of the present value of scheme liabilities              | <b>6.89%</b>  |

**Movement in Deficit during the year**

|                                                                    | <b>2004</b>   |
|--------------------------------------------------------------------|---------------|
|                                                                    | <b>£'m</b>    |
| (Deficit)/Surplus in scheme at beginning of year                   | (5.32)        |
| Current Service Cost                                               | (1.61)        |
| Employer Contributions                                             | 1.26          |
| Other income plus any risk benefit premiums paid direct to insurer | -             |
| Other outgo (e.g. expenses etc)                                    | -             |
| Past Service Costs                                                 | -             |
| Impact of settlements and curtailments                             | -             |
| Net return                                                         | (0.10)        |
| Actuarial gains/(losses)                                           | 1.51          |
| <b>Deficit in scheme at end of year</b>                            | <b>(4.26)</b> |

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**18. Pension obligations contd.**

**b) FRS 17 Disclosures**

Retained losses would be increased by £2.98m (2003 - £3.72m) if the net deficit of both schemes were recognised net of deferred tax.

| <b>19. Profit and loss account</b>      | <b>The Group</b>    | <b>The Company</b>  | <b>The Group Restated</b> | <b>The Company</b>  |
|-----------------------------------------|---------------------|---------------------|---------------------------|---------------------|
|                                         | <b>2004</b>         | <b>2004</b>         | <b>2003</b>               | <b>2003</b>         |
|                                         | <b>£</b>            | <b>£</b>            | <b>£</b>                  | <b>£</b>            |
| At start of period                      | (56,241,028)        | (42,961,828)        | (34,673,960)              | (3,970,050)         |
| Retained (loss) / profit for the period | (7,893,054)         | 23,448,870          | (21,567,068)              | (38,991,778)        |
| At end of period                        | <u>(64,134,082)</u> | <u>(19,512,958)</u> | <u>(56,241,028)</u>       | <u>(42,961,828)</u> |

**20. Reconciliation of movements in shareholders' funds**

|                                     | <b>The Group</b>  | <b>The Company</b> | <b>The Group Restated</b> | <b>The Company</b> |
|-------------------------------------|-------------------|--------------------|---------------------------|--------------------|
|                                     | <b>2004</b>       | <b>2004</b>        | <b>2003</b>               | <b>2003</b>        |
|                                     | <b>£</b>          | <b>£</b>           | <b>£</b>                  | <b>£</b>           |
| Total recognised (losses) / profits | (7,893,054)       | 23,448,870         | (21,567,068)              | (38,991,778)       |
| New share capital issued            | <u>9,100,000</u>  | <u>9,100,000</u>   | <u>4,200,000</u>          | <u>4,200,000</u>   |
| Net movement in shareholders' funds | 1,206,946         | 32,548,870         | (17,367,068)              | (34,791,778)       |
| Opening shareholders' funds         | 44,910,060        | 58,164,260         | 62,277,128                | 92,956,038         |
| Movement in reserves                | (25,000)          | -                  | -                         | -                  |
| Closing shareholders' funds         | <u>46,092,006</u> | <u>90,713,130</u>  | <u>44,910,060</u>         | <u>58,164,260</u>  |

**21. 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  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2004**

**22. 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](http://www.commbank.com.au).