

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2005**

Registered No. 03904310



FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2005**

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FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th JUNE 2005

Directors: G R Cooper
S W Paul
T D T Waring

Secretary: A C N Smith (appointed 28 April 2005)
G V Davies (appointed 28 April 2005)
J S Ayling (resigned 28 April 2005)

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 2005.

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 (UK Holdings) Limited is the holding company of First State Investments. First State Investments is the international investment management business of the Commonwealth Bank of Australia (CBA), one of Australia's largest financial services organisations. Our UK and Asian businesses manage £8.8 billion* and the group's combined businesses manage £45.7 billion globally.*

At First State, we provide a range of specialist investment management services. Our core areas of focus include global equities, Asia Pacific and global emerging markets equities, global fixed interest and smaller companies equities. Our experience in these areas has attracted investors and advisors in the UK, Asia and Continental Europe to our pooled fund product range. Our ability to structure products along our core specialisations has attracted segregated mandates from institutions worldwide.

First State's UK and Asian operations are administered as one business. Our clients benefit from the combined expertise of the 49* investment staff across Edinburgh, London, Sydney, Singapore and Hong Kong. With close links between our Asian and UK teams we have the advantage of being able to create unique products that benefit from developments in the Asian region.

Our primary goals are:

- 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

* as at 30 June 2005

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th JUNE 2005

Review of business and future developments continued

We strive to be at the forefront of specialist investing in both developed and emerging markets.

Over the past 12 months we have continued to refine our product set through rationalisation of non-core offerings, and the new specialist funds launched in the 2003/2004 year in Asia Pacific ex-Japan equities, global emerging markets equities and debt, greater China, and global resources equities now total in excess of £700 million in assets under management. We continue to attract strong asset flows into Asia Pacific ex-Japan and global emerging markets equities products in particular from institutional investors, and most of our core markets and products performed well throughout the period, generating strong positive returns for investors.

Results and dividends

The profit for the year, after taxation was £4,149,750 (2004: £7,893,054 loss).

The Directors do not recommend the payment of a final dividend. The balance of losses retained on the Profit and Loss account was thus £59,984,332 (2004: £64,134,082) for the Group and £19,161,339 (2004 : £19,512,958) for the Company.

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 30th JUNE 2005**

Statement of directors' responsibilities in respect of the accounts continued

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



A C N Smith
Secretary
Edinburgh

25 October 2005

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 2005 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 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 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 2005 and of the profit 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
25 October 2005

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th JUNE 2005

	Notes	Year ended 30th June 2005 £	Year ended 30th June 2004 £
Turnover	2	36,742,423	33,063,151
Administrative expenses		<u>(33,512,515)</u>	<u>(43,555,105)</u>
Operating profit/(loss)	3	3,229,908	(10,491,954)
Other income	6	46,638	250,650
Interest receivable		1,278,747	765,728
Interest payable	7	<u>(358,492)</u>	<u>(352,269)</u>
Profit/(loss) on ordinary activities before tax		4,196,801	(9,827,845)
Tax on profit/(loss) on ordinary activities	8	<u>(47,051)</u>	<u>1,934,791</u>
Profit/(loss) on ordinary activities after tax	19	<u>4,149,750</u>	<u>(7,893,054)</u>

There were no material acquisitions or discontinued operations during the year.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(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 2005

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Intangible investment	11	2,401,476		3,271,350	
Goodwill	9	19,042,292		20,333,075	
Tangible assets	10	<u>1,000,574</u>		<u>1,316,353</u>	
			22,444,342		24,920,778
Investments					
Investments in joint ventures:					
Share of gross assets	11	7,821		7,821	
Share of gross liabilities	11	(7,821)		(7,821)	
Other investments	11	<u>12,500</u>		<u>-</u>	
			12,500		-
			<u>22,456,842</u>		<u>24,920,778</u>
Current assets					
Investments		255,512		161,892	
Debtors	12	23,281,569		32,290,663	
Cash at bank		<u>28,939,674</u>		<u>23,087,239</u>	
		52,476,755		55,539,794	
Creditors					
Amounts falling due within one year	13	<u>(24,691,841)</u>		<u>(33,653,887)</u>	
Net current assets			<u>27,784,914</u>		<u>21,885,907</u>
			50,241,756		46,806,685
Creditors					
Amounts falling due after one year	14		-		(714,679)
Net assets			<u>50,241,756</u>		<u>46,092,006</u>
Capital and reserves					
Share capital	15		110,226,088		110,226,088
Profit and loss account	19		<u>(59,984,332)</u>		<u>(64,134,082)</u>
	20		<u>50,241,756</u>		<u>46,092,006</u>
Analysis of shareholders' funds					
Equity			5,774,839		1,625,089
Non-equity	15		<u>44,466,917</u>		<u>44,466,917</u>
			<u>50,241,756</u>		<u>46,092,006</u>

The financial statements on pages 5 to 25 were approved by the Board of Directors on 25 October 2005 and were signed on its behalf by:



G R Cooper
Director

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
BALANCE SHEET
AS AT 30th JUNE 2005

	Notes	2005 £	2004 £
Fixed assets			
Investments:			
Shares in group undertakings	11	84,109,521	82,109,521
Current assets			
Debtors	12	9,445,251	11,060,399
Cash at bank		<u>261,506</u>	<u>692,935</u>
		9,706,757	11,753,334
Creditors			
Amounts falling due within one year	13	<u>(2,751,529)</u>	<u>(3,149,725)</u>
Net current assets		<u>6,955,228</u>	<u>8,603,609</u>
Net assets		<u>91,064,749</u>	<u>90,713,130</u>
Capital and reserves			
Share capital	15	110,226,088	110,226,088
Profit and loss account	19	<u>(19,161,339)</u>	<u>(19,512,958)</u>
	20	<u>91,064,749</u>	<u>90,713,130</u>
Analysis of shareholders' funds			
Equity		46,597,832	46,246,213
Non-equity	15	<u>44,466,917</u>	<u>44,466,917</u>
		<u>91,064,749</u>	<u>90,713,130</u>

The financial statements on pages 5 to 25 were approved by the Board of Directors on 25 October 2005 and were signed on its behalf by:

G R Cooper
Director

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2005

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the accounting policies, which have been consistently applied, 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 2005.

(c) Leases

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

(d) Pension scheme arrangements

The Company is one of the principal employers contributing to the Commonwealth Bank of Australia (UK) Staff Benefits Scheme, the defined benefit section of which is now closed to new members. The defined contribution section is available to all new staff. The defined benefit fund is valued every three years by professionally qualified independent actuaries, who determine the rate of contribution payable. 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 18 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 2005.

(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%

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2005

(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 Stewart Ivory International 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 30th JUNE 2005

2. Turnover

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

	2005	2004
	£	£
Attributable to origin of funds under management:		
UK	19,878,894	18,937,064
Overseas	16,863,529	14,126,087
	<u>36,742,423</u>	<u>33,063,151</u>

3. Operating profit/(loss)

	2005	2004
	£	£
Operating profit/(loss) is stated after charging		
Employment costs (note 4)	20,424,029	25,292,177
Amortisation of goodwill (note 9)	1,290,783	1,290,783
Amortisation of intangible investment (note 11)	1,054,324	1,011,329
Depreciation of owned fixed assets	466,636	562,545
Provision of non-audit services by auditor:		
Group	18,550	16,500
Company	4,500	4,000
Foreign exchange differences	65,405	132,751
Operating lease payments	893,030	892,946

The remuneration of the Company's auditors for the provision of audit services for the Group £99,850 (2004 - £94,775); the Company £16,500 (2004 £14,500). This remuneration is being settled by a Group parent company.

4. Employment costs

	2005	2004
	£	£
Salaries	16,561,303	20,957,376
Social security costs	1,383,287	1,702,760
Pension costs	1,807,472	2,029,541
Other employment costs	671,967	602,500
	<u>20,424,029</u>	<u>25,292,177</u>

The average number of staff employed during the year was 165. (2004 - 179). This comprised 58 (2004 - 63) fund management staff and 107 administration staff (2004 - 116).

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2005

5. Directors' emoluments	2005	2004
	£	£
Directors' emoluments, excluding pension contributions	<u>1,233,580</u>	<u>1,326,821</u>
Aggregate pension contributions of all Directors	<u>102,401</u>	<u>69,950</u>
The emoluments, excluding pension contributions, of the highest paid director	<u>716,611</u>	<u>995,833</u>
Pension contributions of the highest paid director	<u>57,450</u>	<u>33,290</u>

Pension benefits are accruing to three (2004 – three) Directors under pension schemes operated by the Company. The accrued retirement benefit of the highest paid Director was £81,938 (2004 - £35,600).

6. Other income	2005	2004
	£	£
Gain on sale of investments	42,616	29,382
Gain/(loss) on sale of fixed assets	3,500	-
Other income	522	221,268
	<u>46,638</u>	<u>250,650</u>

7. Interest payable	2005	2004
	£	£
Bank interest payable	20,482	72,960
Interest payable on Loan notes	117,394	108,794
Finance charge on calculating present value of deferred consideration	220,616	170,515
	<u>358,492</u>	<u>352,269</u>

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2005

8. Tax on profit/(loss) on ordinary activities

	2005	2004
	£	£
Corporation tax/Group Relief : (see reconciliation below)	(967,838)	1,821,864
Group Relief over provided in prior year	(298,257)	112,927
Overseas tax	(6,442)	-
Deferred taxation	1,225,486	-
	<u>(47,051)</u>	<u>1,934,791</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% (2004 : 30%)

	2005	2004
	£	£
Profit/(loss) on ordinary activities before tax	<u>4,196,801</u>	<u>(9,827,845)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 : 30%)	1,259,040	(2,948,353)
(Gain) /loss on sale of investments not allowable for tax	-	(8,815)
Long term incentive plan (LTIP) and related national insurance disallowance	327,910	-
Goodwill amortisation	387,235	387,235
Utilisation of brought forward losses	(1,241,630)	-
Pension cost timing differences	-	(8,615)
Disallowed expenses	5,161	96,867
SSAP 24 disallowance	(73,500)	188,700
Adjustment to initial consideration on Babson investment	-	111,140
Disallowance for finance charge	(12,675)	51,154
Disallowance for amortisation	316,297	308,823
Current corporation tax/group relief for the period	<u>967,838</u>	<u>(1,821,864)</u>

The Group has tax losses arising from prior years in the UK which amount to £19,149,038 (2004 - £22,729,082) that are available indefinitely for offset against future taxable profits. A deferred tax asset of £1,225,486 (2004: £nil) has been recognised in respect of the losses which are deemed to be prudently available against future short-term profits.

The Group has an unrecognised deferred tax asset of £1,212,000 (2004: £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 30th JUNE 2005

9. Goodwill

	£
<u>Cost</u>	
At 30th June 2004	25,815,665
Additions	-
Write-off	-
At 30th June 2005	<u>25,815,665</u>
<u>Amortisation</u>	
At 30th June 2004	5,482,590
Charge for the year	1,290,783
Disposals	-
At 30th June 2005	<u>6,773,373</u>
<u>Net book value</u>	
At 30th June 2005	<u>19,042,292</u>
At 30th June 2004	<u>20,333,075</u>

The goodwill relates to the acquisition, on 20 March 2000, of the Stewart Ivory (Holdings) Limited group, which is being amortised on a straight-line basis over a 20-year period.

The Directors have reviewed the carrying value of the investment and do not consider there is a permanent diminution in the value of the investment.

10. Tangible fixed assets
The Group

	Leasehold Improvements	Office Furniture and Equipment	Motor Vehicles	Total
	£	£	£	£
<u>Cost</u>				
At 30th June 2004	490,734	2,341,492	11,697	2,843,923
Additions	6,834	144,023	-	150,857
Disposals	-	-	(11,697)	(11,697)
At 30th June 2005	<u>497,568</u>	<u>2,485,515</u>	<u>-</u>	<u>2,983,083</u>
<u>Depreciation</u>				
At 30th June 2004	147,794	1,368,079	11,697	1,527,570
Charge for the year	74,158	392,478	-	466,636
Disposals	-	-	(11,697)	(11,697)
At 30th June 2005	<u>221,952</u>	<u>1,760,557</u>	<u>-</u>	<u>1,982,509</u>
<u>Net book value</u>				
At 30th June 2005	<u>275,615</u>	<u>724,958</u>	<u>-</u>	<u>1,000,574</u>
At 30th June 2004	<u>342,940</u>	<u>973,413</u>	<u>-</u>	<u>1,316,353</u>

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2005

11. Investments

(a) Group undertakings

The Company has the following subsidiary undertakings:-

Name of company	Nature of Business	Description of shares held	% held	2005 £	2004 £
Colonial First State Investment Managers (UK) Limited	Fund Manager	Ordinary £1	100	2,150,000	2,150,000
Colonial First State Investment Managers (UK) Limited	Fund Manager	Redeemable £1	100	3,500,000	3,500,000
First State Investment Services (UK) Limited	Service Company	Ordinary £1	100	3,000,000	1,000,000
SI Holdings Limited	Holding Company	Ordinary £1	100	75,384,521	75,384,521
SI Holdings Limited	Holding Company	'C' Ordinary £1	100	75,000	75,000
The Scottish Global Emerging Markets Investment Trust PLC	Non Trading Company	Ordinary £1	50	0	0
				84,109,521	82,109,521

The investment in First State Investment Services (UK) Ltd was increased by the purchase of 2,000,000 ordinary shares at £1 each on 22 June 2005, which cost a total of £2,000,000.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2005

11. Investments continued

(a) Group undertakings continued

The following group companies are held by subsidiaries of First State Investments (UK Holdings) Ltd

Name of company	Nature of Business	Description of shares held	% held
Colonial First State Limited (in liquidation)	Fund Manager	Ordinary £1	100
Colonial First State International Assets (in liquidation)	Fund Manager	Ordinary £1	100
Colonial UK Staff Pension Trustees Limited	Corporate Trustee	Ordinary £1	100
First State Investments (UK) Limited	Fund Manager	Ordinary £1	100
First State Investment Management (UK) Limited	Fund Manager	'A' Ord. £1 & 'B' Ord. £1	100
First State Investments International Limited	Fund Manager	Ordinary £1	100
First State Investments International Inc	Marketing to US clients	Ordinary \$0.01	100
Roodhill Nominees Limited	Nominee	Ordinary £1	100
Stewart Ivory Unit Trust Managers Limited (in liquidation)	Fund Manager	Ordinary £1	100
SI Group ESOP Trustee Limited (in liquidation)	Corporate Trustee	Ordinary £1	100

In the opinion of the Directors the aggregate value of the Company's investments in its subsidiaries is not less than the aggregate of the amount at which the investment is stated in the Balance Sheet.

(b) Intangible investments

	£
<u>Cost</u>	
At 30th June 2004	4,771,131
Additions:	-
Change in estimated deferred consideration	184,450
At 30th June 2005	<u>4,955,581</u>
<u>Amortisation</u>	
At 30th June 2004	1,499,781
Charge for the year	1,054,324
At 30th June 2005	<u>2,554,105</u>
<u>Net book value</u>	
At 30th June 2005	<u>2,401,476</u>
At 30th June 2004	<u>3,271,350</u>

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2005

11. Investments continued

(b) Intangible investments continued

On 20 September 2002 First State Investments International Limited paid US\$2.75million (£1,776,715) for the goodwill attaching to the clients of the Babson Stewart Ivory International partnership joint venture and the right to receive 100% of income from all partnership clients from 31 August 2005, subject to those clients transferring their investment mandates from the partnership to the First State Investments International Limited. The present value of the deferred consideration for those clients that had transferred at 30 June 2005, amounting to £1,297,861 (30 June 2004: £2,255,283), has been recognised as a liability and is included in the carrying value of the intangible investment.

(c) Joint ventures

As at 30 June 2005 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 20 September 2002, First State Investments International Limited 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.

As all clients of the partnership have now either, transferred over to the First State Investments International Limited, or have terminated their relationship, proceedings commenced on 30th June 2004 to wind up the partnership.

- (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. The £1,000 invested in the joint venture was accounted for as part of the acquisition cost of The Stewart Ivory (Holdings) Limited group on 20 March 2000. The joint venture is in the process of being wound up.

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:

	2005		2004	
	The Group	The Company	The Group	The Company
	£	£	£	£
BSII –Share of gross assets	7,821	-	7,821	-
CSI –Share of gross assets	-	-	-	-
	<u>7,821</u>	<u>-</u>	<u>7,821</u>	<u>-</u>
BSII–Share of gross liabilities	(7,821)	-	(7,821)	-
CSI–Share of gross liabilities	-	-	-	-
	<u>(7,821)</u>	<u>-</u>	<u>(7,821)</u>	<u>-</u>

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11. Investments continued

(c) Joint ventures continued

Both joint ventures 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 joint ventures which amounted to £nil for the year ended 30th June 2005 (2004- £132,600) and £nil (2004 - £8,608) respectively.

(d) Other Investments

	2005	2004
	£	£
Investment in First State Investments AIM VCT plc	<u>12,500</u>	<u>-</u>

500,000 Redeemable Preference Shares of 10p per share were purchased on 24 January 2005 at a partly paid price of 2.5p per share.

12. Debtors

Amounts falling due within one year

	2005		2004	
	The Group	The Company	The Group	The Company
	£	£	£	£
Trade debtors	14,119,519	-	21,926,026	-
Amounts owed by subsidiary undertaking	1,310,460	2,344,928	1,717,307	3,315,539
Group relief	301,663	-	1,792,695	635,655
Other debtors	231,283	-	1,679,781	9,205
Other taxation and social security	66,131	323	95,882	-
Other tax recoverable	14,658	-	345,019	-
Deferred tax	1,225,486	-	-	-
Sub-ordinated loan to First State Investment Management (UK) Limited	-	7,100,000	-	-
Prepayments and accrued income	<u>6,012,369</u>	<u>-</u>	<u>4,733,953</u>	<u>-</u>
	<u>23,281,569</u>	<u>9,445,251</u>	<u>32,290,663</u>	<u>3,960,399</u>

Amounts falling due after more than one year

Sub-ordinated loan to First State Investment Management (UK) Limited	-	-	-	7,100,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,100,000</u>
	<u>23,281,569</u>	<u>9,445,251</u>	<u>32,290,663</u>	<u>11,060,399</u>

Two loans were made on 1st April 2004 to First State Investment Management (UK) Limited 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 31st March each year at a rate of 1.5% above LIBOR.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
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13. Creditors: amounts falling due within one year

	2005		2004	
	The Group	The Company	The Group	The Company
	£	£	£	£
Trade creditors	10,323,514	-	17,968,592	-
Amounts owed to group undertakings	629,000	248,907	1,129,000	-
Other taxation and social security	400,003	-	567,700	-
Accruals and deferred income	8,355,557	59,694	9,088,018	70,455
Loan notes	2,442,928	2,442,928	3,079,270	3,079,270
Other creditors	275,141	-	280,703	-
Deferred consideration payable	1,297,861	-	1,540,604	-
Group relief/Corporation tax payable	967,837	-	-	-
	<u>24,691,841</u>	<u>2,751,529</u>	<u>33,653,887</u>	<u>3,149,725</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.

14. Creditors: amounts falling due after one year

	The Group	The Group
	2005	2004
	£	£
Deferred consideration payable:		
Payable between 1 – 2 years	-	714,679
Payable between 2 – 5 years	-	-
	<u>-</u>	<u>714,679</u>

The deferred consideration relates to the Babson investment, see note 11.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
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15. Share capital

	The Group and Company 2005 £	The Group and Company 2004 £
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	65,759,171
Redeemable preference shares of £1	<u>44,466,917</u>	<u>44,466,917</u>
	<u>110,226,088</u>	<u>110,226,088</u>

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.

16. Commitments

Commitments for payments in respect of operating leases to be made in the year to 30 June 2006 are as follows:-

	Land & Buildings 2005 £	Land & Buildings 2004 £
Leases expiring within one year	-	-
Leases expiring between two and five years	495,428	495,428
Leases expiring in more than five years	<u>470,000</u>	<u>470,000</u>
	<u>965,428</u>	<u>965,428</u>

The Group has contracted capital commitments at 30th June 2005 of £nil (2004 - £nil).

17. Long Term Incentive Plan

For certain directors and employees of the First State group of companies there is in place a long term incentive plan to motivate, incentivise and retain their services within the group. It is currently estimated that £2.9m (plus related national insurance) will be payable in three amounts, one in each accounting period, under the long term incentive plan in the three year period to 30 June 2008. The liabilities arising under the long term incentive plan will be accounted for in line with the service rendered by directors and staff who are entitled to benefit from the plan.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
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18. Pension obligations

The First State Investments (UK Holdings) Limited group participates in the Commonwealth Bank of Australia (UK) Staff Benefits Scheme. The defined benefit section of the Scheme is now closed to new members. 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 sections of the Scheme.

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 the 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 remaining continuing and deferred First State Investments (UK Holdings) Limited group employees.

a) SSAP 24 disclosures

The total pension cost for the defined benefit section of the pension scheme was £1,925,000 (2004 - £1,889,000). A provision amounting to £1,517,000 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 13. The pension cost is assessed in accordance with the advice of independent qualified actuaries.

The latest actuarial valuation was at 1st 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%

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18. Pension obligations continued

a) SSAP 24 disclosures continued

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 £17.8m and this was sufficient to cover 78% 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 1st August 2003 rolled forward to 30th June 2005 and updated by the Scheme administrator, Jardine Lloyd Thompson, to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30th June 2005.

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 19.9% of pensionable salary for the Colonial UK Staff Pension Scheme legacy liabilities and 30% 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:

	2005	2004
Inflation	2.70%	3.00%
Salary increases	3.70%	4.00%
Rate of discount	5.00%	5.75%
Pension increases in line with retail price inflation limited to 5% pa	2.70%	3.00%

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18. Pension obligations continued

b) FRS 17 disclosures

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

	Long-term rate of return expected at 30th June 2005	Asset Mix at 30th June 2005	Long-term rate of return expected at 30th June 2004	Asset Mix at 30th June 2004
Equities	7.00%	37.12%	7.50%	38.70%
Bonds	5.00%	62.88%	5.75%	61.30%
		2005		2004
		£'m		£'m
Total market value of assets		21.74		17.65
Present value of scheme liabilities		27.25		21.91
Deficit in the scheme		(5.51)		(4.26)

Analysis of charge to the Profit and Loss account over the financial year:

	2005
	£'m
Operating profit	
Current service cost	1.41
Past service cost	-
Curtailment and settlements	-
Decrease in irrecoverable surplus	-
Total operating charge	1.41
Other finance income	
Expected return on pension scheme assets	(1.14)
Interest on pension liabilities	1.30
Net return	0.16
Total	1.57

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18. Pension obligations continued

b) FRS 17 disclosures continued

Analysis of amount which would be recognised in statement of total recognised gains and losses:

	2005
	£'m
Actual return less expected return on pension scheme assets	1.70
Experience losses arising on the scheme liabilities	0.00
Changes in assumptions underlying the present value of the scheme liabilities	(2.80)
Actuarial loss recognised in statement of total recognised gains and losses	(1.10)

History of experience gains and losses:

	2005
	£'m/%
Difference between the expected and actual return on scheme assets	1.70
Value of plan assets	21.74
Percentage of scheme assets	7.82%
Experience gains/(losses) on scheme liabilities	0.00
Present value of scheme liabilities	27.25
Percentage of the present value of scheme liabilities	0.00%
Actuarial gains/losses recognised in statement of total recognised gains and losses	(1.10)
Present value of scheme liabilities	27.25
Percentage of the present value of scheme liabilities	4.04%

Movement in deficit during the year:

	2005
	£'m
Deficit in scheme at beginning of year	(4.26)
Current service cost	(1.41)
Employer contributions	1.42
Other income plus any risk benefit premiums paid direct to insurer	-
Other outgoings (e.g. expenses etc)	-
Past service costs	-
Impact of settlements and curtailments	-
Net return	(0.16)
Actuarial gains/(losses)	(1.10)
Deficit in scheme at end of year	(5.51)

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
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18. Pension obligations continued

b) FRS 17 disclosures continued

Retained losses would be increased by £3,860,000 (2004 - £2,980,000) if the net deficit of The Scheme was recognised net of deferred tax.

19. Profit and loss account	The Group	The Company	The Group	The Company
	2005	2005	2004	2004
	£	£	£	£
At start of period	(64,134,082)	(19,512,958)	(56,241,028)	(42,961,828)
Retained profit/(loss) for period	4,149,750	351,619	(7,893,054)	23,448,870
At end of period	<u>(59,984,332)</u>	<u>(19,161,339)</u>	<u>(64,134,082)</u>	<u>(19,512,958)</u>

20. Reconciliation of movements in shareholders' funds

	The Group	The Company	The Group	The Company
	2005	2005	2004	2004
	£	£	£	£
Total recognised profits/(losses)	4,149,750	351,619	(7,893,054)	23,448,870
New share capital issued	<u>-</u>	<u>-</u>	<u>9,100,000</u>	<u>9,100,000</u>
Net movement in shareholders' funds	4,149,750	351,619	1,206,946	32,548,870
Opening shareholders' funds	46,092,006	90,713,130	44,910,060	58,164,260
Movement in reserves	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
Closing shareholders' funds	<u>50,241,756</u>	<u>91,064,749</u>	<u>46,092,006</u>	<u>90,713,130</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
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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, Australia or downloaded from www.commbank.com.au