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FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008**



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COMPANIES HOUSE

Registered No. 03904310

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008**

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**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2008**

Directors: G R Cooper
J K Evans (resigned 1st December 2008)
P G Gately
M J Lazberger (appointed 24th September 2008)
C M Metcalfe
W M Negus (resigned 1st June 2008)
S W Paul

Secretary: A C N Smith (appointed 4th September 2007)
G V Davies

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 2008.

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, Risks and Uncertainties

First State Investments (UK Holdings) Limited is part of the international operation of Colonial First State Global Asset Management. Colonial First State Global Asset Management, Australia's largest fund manager with approximately A\$153 billion in assets under management as at 30th June 2008, is owned by the Commonwealth Bank of Australia ("CBA"), one of Australia's largest financial services organisations. Colonial First State Global Asset Management operates in the United Kingdom as First State Investments.

Colonial First State Global Asset Management is managed by CBA's Wealth Management division. Within CBA, Wealth Management is responsible for the manufacture and administration of non-banking services, including business units such as Colonial First State in Australia and First State Investments in the UK and Asia. Wealth Management also provides strategic and operational support for the investment and insurance products of group companies.

First State Investments (UK Holdings) Limited is the holding company for a group that provides a range of specialist investment management services. Our core areas of focus include global equities, Asia Pacific and global emerging markets equities, property securities and global resources investment. We manage various types of investments and clients including pooled vehicles, segregated mandates, pension funds, commingled funds, institutional and retail investors.

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; and
- to respect the relationship between investors and their advisors.

We strive to be at the forefront of specialist investing in both developed and emerging markets. Over the past 24 months we have continued to attract strong asset flows into Asia Pacific ex-Japan and global emerging markets equities, and Global Resources equities products in particular, and most of our core markets and products generated strong positive returns for investors.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2008**

Review of Business, Risks and Uncertainties (continued)

The principal risk to the level of profitability of the Company and the group is that of market correction following the strong run over the past 3 years. The particular long-term investment style of the Group has protected its revenue and its customers' investments more than many competitors during the correction which materialised after the year end. The business is also exposed to key man risk associated with the Asia Pacific/GEM team. The Directors are of the opinion that this risk has been managed via the introduction of the Long term incentive scheme.

Results and dividends

The Group's consolidated profit for the year, after taxation was £22,521,736 (2007: £13,901,077 restated).

The Directors do not recommend the payment of a final dividend. The balance of losses retained on the Profit and Loss account was thus £6,485,731 (2007: £29,007,467 restated) for the Group and £17,850,959 (2007: £17,933,970) 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

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company or the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30th June 2008 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

In the case of each of the directors, the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2008**

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.

The auditors, PricewaterhouseCoopers LLP, who were appointed during the year, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board



A C N Smith
Secretary
Edinburgh

3 December 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of First State Investments (UK Holdings) Limited for the year ended 30th June 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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

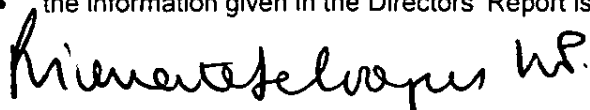
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh
3 December 2008

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2008**

	Notes	2008 £	2007 Restated * £
Turnover	2	93,505,080	65,724,128
Administrative expenses		<u>(63,259,664)</u>	<u>(49,969,160)</u>
Operating profit	3	30,245,416	15,754,968
Other income	6	764,417	2,331,858
Interest receivable		2,682,625	2,558,825
Interest payable	7	<u>(107,465)</u>	<u>(215,091)</u>
Profit on ordinary activities before tax		33,584,993	20,430,560
Tax on profit on ordinary activities	8	<u>(11,063,257)</u>	<u>(6,529,483)</u>
Profit on ordinary activities after tax	19	<u>22,521,736</u>	<u>13,901,077</u>

* See Note 11

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30TH JUNE 2008**

	2008 £	2007 Restated £
Profit for the financial year	<u>22,521,736</u>	<u>13,901,077</u>
Total recognised gains and losses for the financial year	22,521,736	13,901,077
Prior period adjustment (note 11)	36,424	-
Total gains and losses recognised since last annual report	<u>22,558,160</u>	<u>13,901,077</u>

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

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

The notes on pages 8 to 21 form part of these financial statements.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2008

	Notes	2008 £	2007 Restated * £
Fixed assets			
Intangible investment	11b	-	159,694
Goodwill	9	15,169,942	16,460,725
Tangible assets	10	768,039	586,672
Investments	11c	<u>9,374,023</u>	<u>7,626,659</u>
		25,312,004	24,833,750
Current assets			
Investments	11d	668,487	634,712
Debtors	12	79,087,204	54,013,340
Deferred tax asset	13	6,778,753	3,726,684
Cash - restricted		5,547,989	-
Cash at bank		<u>55,066,844</u>	<u>60,602,856</u>
		147,149,277	118,977,592
Creditors			
Amounts falling due within one year	14	<u>(83,753,196)</u>	<u>(54,840,748)</u>
Net current assets		63,396,081	64,136,844
		<u>88,708,085</u>	<u>88,970,594</u>
Creditors			
Amounts falling due after one year	15	<u>(17,967,728)</u>	<u>(7,751,973)</u>
Net assets		<u>70,740,357</u>	<u>81,218,621</u>
Capital and reserves			
Share capital	16	77,226,088	110,226,088
Profit and loss account	19	<u>(6,485,731)</u>	<u>(29,007,467)</u>
Shareholders' Funds	20	<u>70,740,357</u>	<u>81,218,621</u>
Analysis of shareholders' funds			
Equity		59,273,440	36,751,704
Non-equity	16	<u>11,466,917</u>	<u>44,466,917</u>
		<u>70,740,357</u>	<u>81,218,621</u>

* See Note 11

The financial statements on pages 5 to 21 were approved by the Board of Directors on 3rd December 2008 and were signed on its behalf by:



G R Cooper
Director

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
COMPANY BALANCE SHEET
AS AT 30TH JUNE 2008

		2008	2007
		£	£
Notes			
Fixed assets			
Investments:			
Shares in group undertakings	11a	84,109,521	84,109,521
Current assets			
Debtors	12	96,932	1,240,709
Deferred tax asset	13	-	-
Cash at bank		178,036	7,043,931
		<u>274,968</u>	<u>8,284,640</u>
Creditors			
Amounts falling due within one year	14	<u>(25,009,360)</u>	<u>(102,043)</u>
Net current assets/(liabilities)		<u>(24,734,392)</u>	<u>8,182,597</u>
Net assets		<u>59,375,129</u>	<u>92,292,118</u>
Capital and reserves			
Share capital	16	77,226,088	110,226,088
Profit and loss account	19	<u>(17,850,959)</u>	<u>(17,933,970)</u>
Shareholders' Funds	20	<u>59,375,129</u>	<u>92,292,118</u>
Analysis of shareholders' funds			
Equity		47,908,212	47,825,201
Non-equity	16	<u>11,466,917</u>	<u>44,466,917</u>
		<u>59,375,129</u>	<u>92,292,118</u>

The financial statements on pages 5 to 21 were approved by the Board of Directors on 3rd December 2008 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 2008

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 apart from fixed asset investments which are held at fair value.

(b) Revenue

Revenue recognition is based on the benefits to the Group of any income flows which can be reliably determined. Turnover of the Group is from the provision of asset management services and includes management fees and performance fees.

Performance fees, where applicable, are only calculated and recognised at the end of any performance period when a reliable estimate can be made in the comparison of benchmarks and portfolio returns.

Interest received (and paid) is recognised on an accruals basis by applying the appropriate rate of interest.

(c) 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 2008.

A proportionate consolidation of the First State Investment Services (UK) Limited Employee Benefit Trust 2007 has been included in these financial statements. The proportion of investments, cash and payment obligations to beneficiaries that has been included is based on the proportion of UK based employees' awards compared to the total awards to all of the members of the relevant investment team.

(d) 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.

(e) Pension scheme arrangements

The Group is one of the principal employers contributing to the Commonwealth Bank of Australia (UK) Staff Benefits Scheme, the defined benefit sections of which are now closed to new members. The pension scheme is valued every three years by professionally qualified independent actuaries, who determine the rate of contribution payable on the defined benefit sections. In the intervening years the actuaries review the continuing appropriateness of the rates.

The Group has been advised that the underlying assets and liabilities of the defined benefit schemes cannot be separated by legal entity on a consistent and reasonable basis. The Group has therefore followed the multi-employer scheme provisions within FRS17 and accounts for the costs of the defined benefit schemes in the same manner as the defined contribution scheme that is available to new employees.

The Group provides no other post retirement benefits to its employees. As part of the notes to the financial statements, the directors have implemented, as far as is necessary, FRS17: "Accounting for Retirement Benefits". Note 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 30th June 2008.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

(f) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Leasehold improvements	-	Over the remaining term of the lease
Office equipment	-	10% - 33%
Office furniture	-	10% - 33%

(g) Taxation

The charge for taxation is based on the profit or loss for the year as adjusted for disallowable items. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, together with adjustments to tax payable in respect of prior years.

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 Group's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

During the year, as a result of the change in the UK Corporation Tax rate from 30% to 28% that will be effective from 1 April 2008, deferred tax balances have been remeasured. Deferred tax expected to reverse in the year to 30 June 2008 have been measured using the effective rate for the period (28%).

(h) Foreign currencies

Income is recorded at the exchange rate on the date of invoices so foreign exchange differences arise between the rate on the date of invoice and the rate at which the amounts are translated into sterling 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.

(i) Investments

The fixed asset investments are carried at fair value with any gains or losses on these investments taken to the profit and loss account. Fixed asset investments were previously stated at cost. The change in accounting policy allows for a more up to date reflection of the ultimate realisable value of the underlying investment. It also provides an opportunity to track any unrealised/realised gains and losses through the profit and loss account based on more recently available valuations. As the 2007 comparative figures have been restated after the production of last year's financial statements, the fair value adjustment for 2007 has been included in the 2008 column of the Statement of Total Consolidated Recognised Gains and Losses. The effect of the change in this accounting policy has been explained and disclosed in note 11c).

The intangible investment in the Babson Stewart Ivory International partnership was 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 was amortised over a 5 year period from the initial investment.

Investments in subsidiaries are shown in the Balance Sheet at cost less impairment, where applicable.

During the year, the Company has adopted FRS29 "Financial Instruments: Disclosures". However, as the ultimate parent Company's financial statements are prepared under an equivalent standard, the Company is exempt from the disclosure requirements of FRS29.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

- (j) Stock of Units
Units held in the First State Investments ICVC for investment purposes are valued at fair value.
- (k) Goodwill
Purchased goodwill represents the excess of the price paid on acquisition over the adjusted fair value of net assets acquired. Goodwill has arisen on the acquisition of the Stewart Ivory (Holdings) Limited group. The carrying value of such goodwill is assessed annually. Goodwill is amortised over a 20 year period.
- (l) Cash flow statement
The Company is a wholly owned subsidiary of Commonwealth Bank of Australia and the cash flows of the Company are included in the consolidated group cash flow statement of Commonwealth Bank of Australia. Details of how these accounts can be obtained are given in Note 23. Consequently the Company is exempt under the terms of Financial Reporting Standard No.1 from publishing a cash flow statement.
- (m) 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 2008

2. Turnover

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

	2008 £	2007 £
Attributable to origin of funds under management:		
UK	54,280,797	36,959,377
Overseas	39,224,283	28,764,751
	<u>93,505,080</u>	<u>65,724,128</u>

3. Operating profit

	2008 £	2007 £
Operating profit is stated after charging		
Employment costs (note 4)	34,383,093	26,894,923
Amortisation of goodwill (note 9)	1,290,783	1,290,783
Amortisation of intangible investment (note 11(b))	159,742	704,048
Depreciation of owned fixed assets (note 10)	371,619	356,565
Fees payable to auditor for audit of Group accounts	103,000	-
Fees payable to auditor for other services	29,000	-
Foreign exchange differences	(341,063)	419,200
Operating lease payments	1,110,250	911,979
Loss on sale of fixed assets	-	(208)

In the previous year the auditors' fees for the audit of the Group accounts of £118,000 and also £15,000 for the FSA/regulatory audit fee were met by a group parent company. For the year to 30th June 2008 these are to be met by the appropriate companies benefitting from the audits. The auditors' fees for the audit of the Company accounts of £19,800 were also met by a group parent company.

4. Employment costs

	2008 £	2007 £
Salaries	28,469,353	16,777,166
Social security costs	3,175,602	2,731,434
Pension costs	1,575,956	1,489,521
Other employment costs	1,162,182	5,896,802
	<u>34,383,093</u>	<u>26,894,923</u>

The average number of staff employed during the year was 195 (2007: 165). This comprised 39 (2007: 34) fund management staff and 156 (2007: 131) administration staff.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

5. Directors' emoluments	2008 £	2007 £
Directors' emoluments excluding pension contributions	<u>4,584,576</u>	<u>4,021,793</u>
Aggregate pension contributions of all Directors	<u>125,848</u>	<u>123,922</u>
The emoluments, excluding pension contributions, of the highest paid director	<u>3,613,008</u>	<u>2,286,972</u>
Pension contributions of the highest paid director	<u>70,980</u>	<u>67,493</u>
Pension benefits are accruing to three (2007: three) Directors under pension schemes operated by the Company. The accrued retirement benefit of the highest paid Director was £32,560 (2007: £28,859).		
6. Other income	2008 £	2007 £
Gain on sale of investments	95,174	1,001
Other income	<u>669,243</u>	<u>2,330,857</u>
	<u>764,417</u>	<u>2,331,858</u>
7. Interest payable	2008 £	2007 £
Bank interest payable	107,465	137,247
Interest payable on Loan notes	-	77,844
	<u>107,465</u>	<u>215,091</u>
8. Tax on profit on ordinary activities	2008 £	2007 Restated £
UK corporation tax on profits of the period	13,822,981	7,115,516
Adjustments in respect of previous periods	292,346	(309,661)
Overseas tax	-	1,735
Total current tax	<u>14,115,327</u>	<u>6,807,590</u>
Deferred taxation	<u>(3,052,070)</u>	<u>(278,107)</u>
Tax on profit on ordinary activities	<u>11,063,257</u>	<u>6,529,483</u>

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

8. Tax on profit on ordinary activities Contd/.

Factors affecting tax charge for the period:

The corporation tax on the profit on ordinary activities for the period is calculated at the standard rate of corporation tax in the UK of 29.5% (2007: 30%).

	2008 £	2007 Restated £
Profit on ordinary activities before tax	33,584,993	20,430,560
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.5% (2007: 30%)	9,907,573	6,129,168
Effect of:		
Long term incentive plan and related national insurance not yet available for tax relief	3,342,892	2,206,028
Charitable donation not yet available for tax relief	(10,733)	334,239
Goodwill amortisation	380,781	387,235
Utilisation of brought forward losses	-	(1,691,233)
Disallowed expenses	98,929	248,573
Capital allowances in excess of depreciation	(68,930)	(67,784)
Disallowance for US investment amortisation	47,110	211,215
Gain on revaluation of seeding investment	(9,324)	(10,927)
LTIP Investment fair value gains not taxable	(174,530)	(630,998)
Capital gains tax on sale of LTIP Investments	309,213	-
Adjustments in respect of previous periods – Corporation Tax	(35,065)	(309,661)
Adjustments in respect of previous periods – Capital Gains Tax (LTIP)	327,411	-
Overseas tax	-	1,735
Current tax charge for the period	14,115,327	6,807,590

A deferred tax asset of £5,694,013 (2007: £2,690,486) has been recognised in respect of the future deductibility of the LTIP provision once it vests on the employee beneficiaries and £631,780 (2007: £676,359) in respect of charitable donations not yet paid. A further deferred tax asset of £362,859 (2007: £359,839) relating to decelerated capital allowances and other timing differences has now been recognised.

No provision was made for deferred tax on gains on intangible investments which have been rolled over under a Group rollover relief claim. The total amount unprovided for is £0 (2007: £47,100). At present, it is not envisaged that the investment will be sold in the foreseeable future and therefore no tax is expected to become payable.

9. Goodwill	£
<u>Cost</u>	
At 30th June 2007	25,815,665
Additions	-
Write-off	-
At 30th June 2008	25,815,665
<u>Amortisation</u>	
At 30th June 2007	9,354,940
Charge for the year	1,290,783
At 30th June 2008	10,645,723
<u>Net book value</u>	
At 30th June 2008	15,169,942
At 30th June 2007	16,460,725

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

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

10. Tangible Fixed Assets

	Leasehold Improvements £	Office Furniture And Equipment £	Total £
<u>Cost</u>			
At 30th June 2007	497,568	1,716,263	2,213,831
Additions	347,952	205,034	552,986
Disposals	-	-	-
At 30th June 2008	845,520	1,921,297	2,766,817
<u>Depreciation</u>			
At 30th June 2007	371,294	1,255,865	1,627,159
Charge for the year	90,088	281,531	371,619
Disposals	-	-	-
At 30th June 2008	461,382	1,537,396	1,998,778
<u>Net Book Value</u>			
At 30th June 2008	384,138	383,901	768,039
At 30th June 2007	126,274	460,398	586,672

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

11. Investments

(a) Group undertakings

The Company has the following subsidiary undertakings:-

Name of company	Nature of Business	Description of shares held	% held	2008 £	2007 £
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 (see note 3)	Service Company	Ordinary £1	100	3,000,000	3,000,000
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
Scotgem Limited (previously The Scottish Global Emerging Markets Investment Trust PLC)	Non Trading Company	Ordinary £1	50	0	0
				84,109,521	84,109,521

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

Name of company	Nature of Business	Description of shares held	% held
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

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.

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11. Investments continued

(b) Intangible investments

	£
<u>Cost</u>	
At 30th June 2007	4,435,751
Change in carrying value	-
Change in estimated deferred consideration	-
At 30th June 2008	<u>4,435,751</u>
<u>Amortisation</u>	
At 30th June 2007	4,276,057
Charge for the year	159,694
At 30th June 2008	<u>4,435,751</u>
<u>Net book value</u>	
At 30th June 2008	-
At 30th June 2007	<u>159,694</u>

On 20th September 2002 the Company paid US\$ 2.75million (£1,776,715) for the goodwill attaching to the clients of the Babson Stewart Ivory International Partnership and the right to receive 100% of income from all partnership clients from 31st August 2005, subject to those clients transferring their investment mandates from the partnership to the Company. The additional cost of intangible investment amounting to £2,659,036 relates to the revenue share payable to David L. Babson for the three year period from 20th September 2002.

(c) Other investments

	2008 £	2007 restated £
First State Investments ICVC and VCC	8,941,321	7,262,500
First State Investments Delaware Statutory Trust	17,849	5,634
Seeding into Hedge fund products	414,853	358,525
	<u>9,374,023</u>	<u>7,626,659</u>

For certain directors and employees of the First State group of companies there are in place long term incentive plans (LTIPs) to motivate, incentivise and retain their services within the group. The cash payout to the beneficiaries of the LTIPs are dependent on the investment performance of a basket of funds managed by the Group. To hedge the economic cost of the potential increase in this liability over the three year vesting periods, the employing company purchased the equivalent value of shares for the 30th June 2005 and 2006 LTIP pools. The 2005 pool investments were sold down prior to the 31st October 2008 vesting date. A hedge of the 30th June 2007 pool was undertaken within the Employee Benefit Trust.

The investments have been reflected in the balance sheet at fair value with any gains and losses being taken to the profit and loss account. In the prior year investments were held at cost, with no gains or losses being taken to the profit and loss account. As a result of the change in accounting policy it has been necessary to restate the prior year profit and loss account and balance sheet. In the 2007 comparative figures the fixed asset investments have been increased by £2,070,569 to reflect the fair value gain arising from holding the above investments in the prior period. £2,034,144 of this unrealised gain is also included in the associated LTIP creditor comparative figure. The total realised and unrealised increase in value of £2,797,886 in 2007 in respect of the LTIP pool investments has also been included in other income and also administrative expenses as the amount will be payable to the LTIP beneficiaries. Similarly, in the current year, an increase in value of £591,626 has been included in both of these figures.

FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
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(d) Current asset investments

Current asset investments comprise £668,487 (2007: £634,712).

12. Debtors: amounts falling due within one year

	2008		2007	
	The Group £	The Company £	The Group £	The Company £
Trade debtors	60,825,875	-	40,490,177	-
Amounts owed by group undertakings	2,946,282	96,932	2,106,461	1,236,932
Group relief	-	-	-	-
Other debtors	1,868,046	-	381,936	-
Other taxation and social security costs	464,959	-	284,294	700
Other tax recoverable	-	-	1,181,104	-
Prepayments and accrued income	12,982,042	-	9,569,368	3,077
	<u>79,087,204</u>	<u>96,932</u>	<u>54,013,340</u>	<u>1,240,709</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Deferred taxation

	2008		2007	
	The Group £	The Company £	The Group Restated £	The Company £
Provision at start of period	3,726,684	-	3,448,577	23,551
Deferred tax credit/(debit) in profit and loss	3,052,069	-	278,107	(23,551)
Provision at end of period	<u>6,778,753</u>	<u>-</u>	<u>3,726,684</u>	<u>-</u>
Deferred tax is provided at 28% (2007: 29.5% or 28%) as follows:				
LTIP provision not yet available for tax relief	5,784,114	-	2,690,486	-
Charitable donation not yet available for tax relief	631,780	-	676,359	-
Decelerated capital allowances	362,859	-	359,839	-
	<u>6,778,753</u>	<u>-</u>	<u>3,726,684</u>	<u>-</u>

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

	2008		2007	
	The Group £	The Company £	The Group restated £	The Company £
Trade creditors	55,134,534	-	28,647,008	-
Bank overdraft	-	-	4,015,979	-
Amounts owed to group undertakings	5,261	24,938,476	2,997,974	7,854
Other taxation and social security costs	719,245	-	620,611	-
Accruals and deferred income	15,453,857	33,925	12,286,211	4,920
Other creditors	598,300	-	186,466	-
Due under LTIP schemes (including NIC thereon)	4,774,742	-	3,325,418	-
Group relief/Corporation tax payable	7,067,257	36,959	2,761,081	89,269
	<u>83,753,196</u>	<u>25,009,360</u>	<u>54,840,748</u>	<u>102,043</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15. Creditors: amounts falling due after one year

	The Group 2008 £	The Group Restated 2007 £
Amounts due under LTIP schemes (including NIC thereon):		
Provision at start of the period	7,751,973	4,767,880
Charge to profit and loss during period	11,337,668	7,298,139
Amount now due within one year	(1,449,324)	(3,325,418)
Adjustment in respect of capital gains tax on LTIP		
Investment gain (see note 8)	327,411	-
Amount now payable to charity within one year	-	(988,628)
Provision at end of period	<u>17,967,728</u>	<u>7,751,973</u>

The liabilities arising under the long term incentive plans are accounted for in line with the service rendered by Directors and staff who are entitled to benefit from the plans.

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

	The Group and Company 2008 £	The Group and Company 2007 £
Authorised:		
Ordinary shares of £1	100,000,000	100,000,000
Redeemable preference shares of £1	50,000,000	50,000,000
	<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	11,466,917	44,466,917
	<u>77,226,088</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. 33,000,000 redeemable preference shares were redeemed on 16th October 2007 at par value and funds were provided by subsidiaries in order to facilitate this payment out of capital.

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

17. Commitments

Commitments for payments in respect of operating leases in the year to 30th June 2008 are as follows:-

	Land & Buildings 2008 £	Land & Buildings 2007 £
Leases expiring within one year	-	-
Leases expiring between two and five years	-	-
Leases expiring in more than five years	1,411,363	1,332,268
	<u>1,411,363</u>	<u>1,332,268</u>

18. Pension obligations

The defined contribution scheme costs for the year were £533,499 (2007: £355,226) and there were no outstanding or prepaid contributions at 30th June 2007 or 2008.

As the First State Investments UK group of companies is unable to identify the share of its underlying assets and liabilities of the Scheme on a consistent and reasonable basis, it has accounted for the contributions made to the defined benefit sections of the scheme as if they are a defined contribution scheme. The total pension contributions made for the year were £1,042,859 (2007: £1,111,378) and there were no outstanding or prepaid contributions as at 30th June 2007 or 2008. As the effect of the CBA group scheme deficit cannot be determined, the Company has followed the multi-employer scheme provisions within FRS17 and on this basis certain disclosures otherwise required by FRS17 are not given.

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

The assets and liabilities in the scheme in total were as follows:

	2008 £'m	2007 £'m
Total market value of assets	154.8	160.9
Present value of scheme liabilities	186.4	169.4
Deficit in the scheme	<u>31.6</u>	<u>8.5</u>

19. Profit and loss account

	The Group 2008 £	The Company 2008 £	The Group Restated 2007 £	The Company 2007 £
At start of period	(29,007,467)	(17,933,970)	(42,908,544)	(18,746,986)
Retained profit for period	22,521,736	83,011	13,901,077	813,016
At end of period	<u>(6,485,731)</u>	<u>(17,850,959)</u>	<u>(29,007,467)</u>	<u>(17,933,970)</u>

20. Reconciliation of movements in shareholders' funds

	The Group 2008 £	The Company 2008 £	The Group Restated 2007 £	The Company 2007 £
Total recognised profits	22,521,736	83,011	13,901,077	813,016
Redemption of preference shares	(33,000,000)	(33,000,000)		
Opening shareholder's funds	81,218,621	92,292,118	67,317,544	91,479,102
Closing shareholder's funds	<u>70,740,357</u>	<u>59,375,129</u>	<u>81,218,621</u>	<u>92,292,118</u>

**FIRST STATE INVESTMENTS (UK HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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21. Contingent Liability

On 28th June 2007, the European Court of Justice ('ECJ') ratified the Advocate General's previous conclusion that the management fees of investment trusts, like those of authorised unit trusts and OEICs should be an exempt service for the purposes of VAT. Her Majesty's Revenue and Customs ('HMRC') has indicated that it will abide by this judgement. Investment trust companies are thus able to claim for a refund of VAT previously charged to them by the Group to the extent that they have not already recovered such VAT. This is applicable for the distinct time periods as determined by case law that the Group can itself reclaim VAT previously paid on to HMRC.

The Group's position is that it will only repay to investment trust clients amounts to the extent that they can be reclaimed by the Group itself from HMRC. The maximum amount that could be reclaimed by the Group on behalf of investment trust clients is £3,045,682 but it is possible that only £1,992,709 could be reclaimed. It is also possible that the level of these claims could be further reduced to the level of previously irrecoverable VAT within the investment trust clients themselves. Whilst it is also possible that the Group may incur some professional advisor cost as a result of the reclaims, the Directors do not expect a material liability to arise.

22. Related Party Disclosures

Under Financial Reporting Standard 8 - Related Party Disclosures, the Group and the Company are exempt from the requirement to disclose transactions with any other company in the Commonwealth Bank of Australia group.

23. Ultimate parent company

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

The largest group in which the results of the Company will be consolidated is that of which Commonwealth Bank of Australia is the parent company. The consolidated accounts of Commonwealth Bank of Australia may be obtained from:

Level 1, 48 Martin Place, Sydney, New South Wales, 1155, Australia or downloaded from the following website: www.commbank.com.au