FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
(Formerly Stewart Ivory & Company Limited)

ANNUAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2001

Registered No. 47708

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2001

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2001

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

Registered Office: 23 St Andrew Square, Edinburgh, EH2 1BB

The Directors present their report and the audited financial statements for the year ended 30th June 2001.

Change of Name

The Company changed its name from Stewart Ivory & Company Limited to First State Investment Management (UK) Limited on 1st September 2001.

Principal Activities and Status

The principal activities of the Company are the management of investment trusts and other investment portfolios including pension funds, charities and private clients. The Company is a wholly owned subsidiary of Stewart Ivory (Holdings) Limited. The Company is regulated by IMRO.

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

Review of Business and Future Developments

The Company was purchased by Colonial First State Investments on 20th March 2000. The transaction involved an innovate deal structure including payment to all staff for their contributions to building one of the most diverse UK investment houses.

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

Results and Dividends

The loss for the year after taxation was £16,222,507.

The Directors do not recommend a final dividend.
The balance retained on the Profit and Loss Account was thus (£11,174,780).

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2001

Directors and their Interests

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

Directors' and Officers' Insurance

The Company has effected a policy of insurance for its Directors and Officers in respect of potential liabilities arising from any negligence or error.

Statement of Directors' Responsibilities in respect of the Accounts

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

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

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

Auditors

PricewaterhouseCoopers resigned as auditors on 23rd April 2001 and the Directors appointed Ernst & Young in their place as of this date. On 28th June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28th June 2001. Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board

J S Ayling
Secretary
Edinburgh
26th October 2001

REPORT OF THE AUDITORS
to the shareholders of First State Investment Management (UK) Limited

We have audited the accounts on pages 4 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with 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 accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30th June 2001 and of its loss 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
26th October 2001

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2001

	Notes	2001	2000
		£	£
Turnover	2	11,963,676	6,856,234
Administration Expenses	3	33,427,778	9,638,927
Operating loss		(21,464,102)	(2,782,693)
Other income	4	3,477,964	3,731,683
Loss/(Profit) on ordinary activities before taxation		(17,986,138)	948,990
Tax relief on profit on ordinary activities	7	1,763,631	(727,315)
Loss/(Profit) for the financial year		(16,222,507)	1,676,305
Dividends paid and payable		-	-
Retained profit/loss for the year		(16,222,507)	1,676,305
Retained profit brought forward		5,047,727	3,303,553
Realisation of revaluation reserve		-	67,869
Retained (Loss)/profit carried forward		(11,174,780)	5,047,727

There were no discontinued operations or acquisitions during the year.

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

There were no other recognised gains and losses other than those shown above.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
BALANCE SHEET
AS AT 30TH JUNE 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed Assets					
Investments:	8				
Shares in group companies		25,100		25,100	
Shares in joint arrangement		1,000		1,000	
Shares in associated company		-		50	
			26,100		26,150
			26,100		26,150
Current assets					
Debtors	9	3,828,468		4,571,999	
Cash at bank		21,756,925		4,814,606	
		25,585,393		9,386,605	
Creditors					
Amounts falling due within one year	10	12,261,273		2,640,028	
Net Current Assets			13,324,120		6,746,577
Total Assets			13,350,220		6,772,727
Creditors					
Amounts falling due after one year					
Subordinated loan	13		1,100,000		1,100,000
Provisions for liabilities & charges	12		-		400,000
Net Assets			12,250,220		5,272,727
Capital and Reserves					
Share Capital	14		23,425,000		225,000
Profit and Loss Account			(11,174,780)		5,047,727
Equity Shareholders' funds	16		12,250,220		5,272,727

The financial statements on pages 4 to 11 were approved by the Board of Directors on 26th October 2001 and were signed on its behalf by:

G R Cooper .... Director

G R Cooper

26th October 2001

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

1. **Principal Accounting Policies**

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

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

(b) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Provision is made for deferred tax at the rate of corporation tax ruling at the year end except in respect of any tax reduction which can reasonably be expected to continue for the foreseeable future.

(c) 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.

(d) Investments

Investments are shown in the Balance Sheet at the lower of cost or Directors' valuation.

(e) Cashflow statement

No cashflow statement has been prepared as a consolidated cashflow statement is included in the financial statements of the ultimate holding company, Commonwealth Bank of Australia.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2001

2. ***Turnover***

Turnover is the total of investment management and administration fees.

3. **Administration Expenses**	**2001** £	**2000** £
Employment costs (note 5)	2,020,766	5,607,403
Depreciation of fixed assets	-	366,576
Audit Fee - Current auditors	10,500	-
Previous auditors	2,240	13,305
Foreign exchange differences	18,306	(1,364)
Operating lease payments	71,820	246,274
Other expenses	31,304,146	3,406,733
	33,427,778	9,638,927

The remuneration of the Company's auditors for the provision of non-audit services was £4,000 (2000 - £41,475 to previous auditors).

Other expenses in 2001 represent the recharge of group operating expenses from First State Investment Services (UK) Limited.

4. **Other Income**	**2001** £	**2000** £
Deposit interest received	173,025	157,847
Dividends received – unlisted investments	3,272,389	3,492,500
Other income	32,500	81,230
Gain on sale of investments/assets	50	106
	3,477,964	3,731,683

5. **Information On Employees**	**2001** £	**2000** £
Salaries	1,551,534	4,160,472
Social security costs	149,100	432,264
Pension and other costs	320,132	1,014,667
	2,020,766	5,607,403

All employees have been employed by First State Investment Services (UK) Limited since August 2000.

6. **Directors' Emoluments**

No Director receives any remuneration direct from the Company. Full details of Directors' remuneration are given in the financial statements of First State Investment Services (UK) Limited.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

7. **Tax On Profit On Ordinary Activities**		**2001**	**2000**
		£	**£**
Group relief	- current year	1,763,631	(701,617)
	- prior year	-	(25,698)
		1,763,631	(727,315)

8. **Investments**

(a) Group Undertakings

The Company has the following subsidiary undertakings:

Name of Company	**Description of shares held**	**% held**	**Investment at cost 2001 £**	**Investment at cost 2000 £**
Stewart Ivory Unit Trust Managers Limited (in liquidation)	Ordinary £1	100	25,000	25,000
Stewart Ivory & Company (International) Limited	Ordinary £1	100	100	100

The above companies are engaged in investment management.

Stewart Ivory Nominees Limited (non trading nominee company)	Ordinary £1	100	-	-
			25,100	25,100

Consolidated accounts have not been prepared in respect of the Company and its subsidiaries as the results and financial position of the companies are reflected in the financial statements of First State Investments (UK Holdings) Limited, which is registered in England and Wales.

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

(b) Associated Undertakings	**2001**	**2000**
	£	**£**
Unlisted shares at cost	-	50

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

8. **Investments cont.**

(c) Other Investments

	2001 £	2000 £
Investment in joint arrangement	1,000	1,000

The investment in joint arrangement represents a 50% interest in Cunningham Stewart Ivory Limited which is registered in Northern Ireland.

9. **Debtors**

	2001 £	2000 £
Trade debtors	96,342	1,954,688
Group undertakings	-	1,240,269
Prepayments	-	341,650
Other debtors	1,851,490	772,056
Tax recoverable	1,880,636	263,336
	3,828,468	4,571,999

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

	2001 £	2000 £
Group undertakings	11,677,431	1,325,099
Taxation and social security *	64,888	334,922
Accruals	496,921	980,007
Other	22,033	-
	12,261,273	2,640,028
* Taxation and social security comprises:		
PAYE & NI	-	321,608
VAT	64,888	13,314
	64,888	334,922

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2001

11. **Deferred Taxation**

	2001		2000	
	Full Potential Liability	Provision Made	Full Potential Liability	Provision Made
Accelerated capital allowances	-	-	(26,753)	-
Other timing differences	-	-	(72,503)	-
	-	-	(99,256)	-

12. **Provision for Liabilities & Charges**

This represented a provision for property costs which were paid in August 2001.

13. **Subordinated Loan**

Under the terms of an agreement with Stewart Ivory (Holdings) Limited, that company has granted an interest-free loan of £1,100,000 of no fixed term subordinated to the claims of all creditors to the Company.

14. **Share Capital**

	2001 £	2000 £
Authorised:		
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	32,126,984	126,984
	32,225,000	225,000
Issued & full paid:		
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	23,326,984	126,984
	23,425,000	225,000

4,500,000 and 18,700,000 'B' Ordinary shares were issued on 29th March 2001 and 26th June 2001 respectively at the £1 nominal value of the shares issued.

15. **Commitments**

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

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2001

15. **Commitments cont.**

	Land & Buildings		Plant & Equipment	
	2001	2000	2001	2000
		£		£
Leases expiring within one year	-	-	-	-
Leases expiring between two and five years	-	85,250	-	4,585
Leases expiring after five years	-	142,000	-	-
	-	227,250	-	4,585

The Company has capital commitments at 30th June 2001 of £nil (2000 - £nil).

16. **Reconciliation of Movements in Shareholders' Funds**	2001 £	2000 £
Total recognised gains and losses	(16,222,507)	1,676,305
Dividends paid and payable	-	-
	(16,222,507)	1,676,305
Opening shareholders' funds	5,272,727	3,596,422
Issue of share capital	23,200,000	-
Closing shareholders' funds	12,250,220	5,272,727

17. **Ultimate Parent Company**

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

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

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

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Stewart Ivory & Company Limited will be held at 23 St. Andrew Square, Edinburgh on 30th November 2001 at 11.00am to transact the following business:

1. To receive the Directors' Report and the Accounts for the year to 30th June 2001.

2. To appoint Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.

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

3. THAT the company hereby elects pursuant to Section 252 of the Companies Act 1985 ("the Act"), to dispense with the laying of accounts and reports before the company in general meeting.

4. THAT the company hereby elects pursuant to Section 366A of the Act, to dispense with the holding of annual general meetings.

5. THAT the company hereby elects pursuant to Section 386 of the Act, to dispense with the obligation to appoint auditors annually.

By order of the Board

J S Ayling
Secretary

23 St. Andrew Square, Edinburgh
EDINBURGH 26th October 2001

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