FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

Registered No. 47708

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FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th JUNE 2003

Directors:	R W Adams	(resigned 30/06/03)
	G R Cooper	
	B M McCorkell	(resigned 15/08/02)
	S W Paul	
	P L Polson	(resigned 25/10/02)
	T Waring	(appointed 01/10/03)
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 2003.

Principal Activities and Status

The principal activities of the Company are the management of investment portfolios. The Company is a wholly owned subsidiary of SI (Holdings) Limited. The Company is regulated by the FSA.

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

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.

As part of this strategic positioning of the UK business, the private client and charity businesses were sold to Adam & Company on 23rd August 2002, so that the Company can concentrate on the core retail and institutional arenas.

Results and Dividends

The loss for the year after taxation was £8,161,755 (2002- £10,697,770).

The Directors do not recommend a final dividend.
The balance of losses retained on the Profit and Loss Account was thus £30,156,200 (2002 - £21,994,445).

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th JUNE 2003

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, except for G R Cooper who holds 311 ordinary shares.

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.

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 meetings;
(ii) the holding of an annual general meeting; and
(iii) the obligation to appoint auditors annually.

By Order of the Board

J S Ayling
Secretary
Edinburgh
30th October 2003

INDEPENDENT AUDITORS' REPORT
to the shareholders of First State Investment Management (UK) Limited

We have audited the Company's financial statements for the year ended 30th June 2003 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT
to the shareholders of First State Investment Management (UK) Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 30th June 2003 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

30th October 2003

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th JUNE 2003

	Notes	Year to 30th June 2003 £	Year to 30th June 2002 £
Turnover	2	14,350,740	14,208,555
Administrative expenses		(34,598,661)	(32,587,909)
Operating loss	3	(20,247,921)	(18,379,354)
Other operating income	4	7,984,829	2,143,667
Interest receivable		462,090	632,661
Interest payable		(166)	(395)
Loss on ordinary activities before tax		(11,801,168)	(15,603,421)
Tax on loss on ordinary activities	6	3,639,413	4,905,651
Loss on ordinary activities after tax and Retained Loss for the year		(8,161,755)	(10,697,770)

There were no acquisitions during the year.

As mentioned in the Report of the Directors, the private client and charity businesses were sold to Adam & Company on 23rd August 2002. It is not possible to separately disclose the results of this discontinued operation.

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

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

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
BALANCE SHEET
AS AT 30th JUNE 2003

		2003		2002	
	Notes	**£**	**£**	**£**	**£**
Fixed Assets					
Investments	7		1,526,100		26,100
Current assets					
Debtors	8	6,128,993		8,596,839	
Cash at bank		10,463,921		17,450,892	
		16,592,914		26,047,731	
Creditors					
Amounts falling due within one year	9	(2,768,905)		(10,636,967)	
Net Current Assets			13,824,009		15,410,764
Total Assets less Current Liabilities			15,350,109		15,436,864
Capital and Reserves					
Called up Share Capital	10		45,506,309		37,431,309
Profit and Loss Account	11		(30,156,200)		(21,994,445)
Equity Shareholders' funds	11		15,350,109		15,436,864

The financial statements on pages 5 to 13 were approved by the Board of Directors on 28th October 2003 and were signed on its behalf by:

.... Director
G R Cooper

30th October 2003

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

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 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. 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 it 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.

(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.

2. Turnover

Turnover is the total of investment management, advisory and administration fees.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

	2003	2002
3. Operating Loss	**£**	**£**
Operating loss is stated after charging:		
Auditors' remuneration – non audit services	5,860	5,600
		-

The remuneration of the Company's auditors for the provision of audit services was £10,500 (2002 - £10,500). This remuneration is being settled by a Group parent company.

4. Other operating income	**2003**	**2002**
	£	**£**
Dividends received – unlisted investments	538,550	1,331,100
Hedging gains	-	805,252
Gain on sale of assets	7,352,382	-
Other income	93,897	7,315
	7,984,829	2,143,667

The gain on sale of assets relates to the sale of the private client and charity business on 23rd August 2003.

5. 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 Investments (UK Holdings) Limited.

6. Tax On Loss On Ordinary Activities	**2003**	**2002**
	£	**£**
Group tax relief (see reconciliation below)	4,180,955	4,905,651
Group relief under provided in prior year	(534,342)	-
Corporation tax under provided in prior year	(7,200)	-
	3,639,413	4,905,651

Taxable losses of the Company can be set off against taxable gains in other Companies within the Commonwealth Bank of Australia group for a full value of 30%.

Group tax relief reconciliation
The group relief on the loss on ordinary activities is different from that calculated at the standard rate of corporation tax in the UK of 30% (2002: 30%). This difference is reconciled below:

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

6. Tax On loss On Ordinary Activities contd.	**2003**	**2002**
	£	**£**
Loss on ordinary activities before tax	11,801,168	15,603,421
	£	**£**
Loss multiplied by the standard rate of corporation tax	3,540,350	4,681,026
Gain on sale of assets rolled into investment in other group company	2,205,715	-
Restriction on group relief claimed by other companies in same UK tax group	(1,727,710)	-
Effect of non-taxable group dividends included in loss above	162,600	244,625
Total current group relief credit	4,180,955	4,905,651

The Company has tax losses arising from prior years in the UK which amount to £25,939,712 (2002: £20,582,433) that are available indefinitely for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses on the grounds of prudence.

7. Investments

(a) Group Undertakings

The Company has the following unlisted subsidiary undertakings:

Name of Company	**Description of shares held**	**% held**	**Investment at cost 2003 £**	**2002 £**
Stewart Ivory Unit Trust Managers Limited (in liquidation)	Ordinary £1	100	25,000	25,000
First State Investments International Limited	Ordinary £1	100	1,500,100	100

The above companies are or were engaged in investment management.

First State Investments Nominees Limited (non trading nominee company)	Ordinary £1	100	-	-
			1,525,100	25,100

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003

7. Investments cont.

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) Other Investments	2003 £	2002 £
Investment in joint arrangement	1,000	1,000

The investment in joint arrangement represents a 50% interest in Cunningham Stewart Ivory Limited which is a company registered in Northern Ireland. As at 30 June 2003 Cunningham Stewart Ivory Limited was in the process of liquidation.

8. Debtors	**2003**	**2002**
	£	**£**
Trade debtors	349,805	239,661
Amounts owed from group undertakings	440,113	1,498,633
Prepayments and accrued income	730,979	1,835,566
Group tax relief	4,608,096	5,022,979
	6,128,993	8,596,839

9. Creditors: amounts falling due within one year	**2003**	**2002**
	£	**£**
Amounts owed to group undertakings	2,553,933	9,748,783
Value added tax	63,877	279,853
Accruals and deferred income	151,095	608,331
	2,768,905	10,636,967

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003

10. Share Capital

	2003	2002
	£	£
Authorised:		
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	77,126,984	77,126,984
	77,225,000	77,225,000
Issued & full paid:		
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	45,408,293	37,333,293
	45,506,309	37,431,309

4,500,000 'B' Ordinary shares were issued on 11/12/02
1,375,000 'B' Ordinary shares were issued on 21/03/03
2,200,000 'B' Ordinary shares were issued on 13/05/03
all at the £1 nominal value of the shares issued.

The 'A' shares carry the right to receive the first £100,000 distributed by way of dividend. Any remaining balance to be distributed shall be distributed amongst the 'A' and 'B' shares pari passu accordingly to their respective nominal values.

On a return of capital, or liquidation or otherwise, the net assets of the Company shall be distributed amongst the 'A' and 'B' shares pari passu in proportion to the amounts paid up thereon.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003

11. Reconciliation of shareholders' funds and movement on reserves

	Share Capital	Profit & Loss Account	Total
	£	£	£
At 30th June 2001	23,425,000	(11,178,418)	12,246,582
Loss for the year	-	(10,697,770)	(10,697,770)
Prior year adjustment	-	(118,257)	(118,257)
Shares issued in year	14,006,309	-	14,006,309
At 30th June 2002	37,431,309	(21,994,445)	15,436,864
Loss for the year	-	(8,161,755)	(8,161,755)
Prior year adjustment	-	-	-
Shares issued in year	8,075,000	-	8,075,000
At 30th June 2003	45,506,309	(30,156,200)	15,350,109

12. 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 Australia or at the following website: 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003

13. Related Party Disclosures

The Company'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.