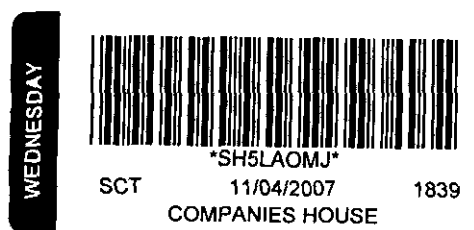


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FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006**

Registered No SC047708



**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006**

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**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2006**

Directors G R Cooper
 C Crawford (appointed 28 08 06)
 W M Negus (appointed 28 08 06)
 S W Paul
 T D T Waring (resigned 28 08 06)

Secretary A C N Smith
 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 2006

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, 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 £50 billion in assets under management as at 30th June 2006, is owned by the Commonwealth Bank of Australia, 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 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. We manage investments through pooled vehicles and segregated mandates on behalf of retail, wholesale and institutional investors in the UK, Europe, US and Asia.

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

We strive to be at the forefront of specialist investing in both developed and emerging markets, and in December 2005 added the Asia Pacific Sustainability Fund to our product set, further extending our capabilities. Over the past 12 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 INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2006**

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 18 months. The particular long term investment style of the Company should protect its revenue and its customers investments more than many competitors should any correction materialise. 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 profit for the year after taxation was £13,696,549 (2005 £5,227,258)

The Directors do not recommend a final dividend. The balance of losses retained on the Profit and Loss Account was thus £19,503,457 (2005 £33,200,006)

Directors and their Interests

The Directors of the Company during the year were those listed on page 1. There are no Directors' share interests requiring disclosure under the Companies Act 1985.

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 Directors confirm that

- (i) so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and
- (ii) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

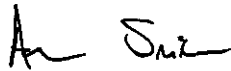
**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2006**

Auditors and General Meetings (continued)

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



A C N Smith
Secretary
Edinburgh

27 October 2006

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED**

We have audited the company's financial statements for the year ended 30 June 2006 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 14. These financial statements have been prepared under 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also 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.

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 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 company's affairs as at 30 June 2006 and of its profits 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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Edinburgh
27 October 2006

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2006

	Notes	2006 £	2005 £
Turnover	2	34,846,287	26,874,670
Administrative expenses		(21,652,079)	(22,728,028)
Operating profit	3	13,194,208	4,146,642
Other operating income	4		19,774
Interest receivable		790,046	571,808
Interest payable		(476,479)	(444,300)
Profit on ordinary activities before tax		13,507,775	4,293,924
Tax on profit on ordinary activities	6	188,774	933,334
Profit on ordinary activities after tax and retained profit for the year		13,696,549	5,227,258

There were no material acquisitions or discontinued operations 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 2006

	Notes	2006		2005	
		£	£	£	£
Fixed Assets					
Investments	7		2,750,100		2,263,600
Current Assets					
Debtors	8	5,921,956		5,685,349	
Deferred tax asset	9	1,549,788		1,225,486	
Cash at bank		26,702,179		11,916,472	
		<u>34,173,923</u>		<u>18,827,307</u>	
Creditors					
Amounts falling due within one year	10	<u>(9,671,171)</u>		<u>(7,534,604)</u>	
Net current assets			24,502,752		11,292,703
Net assets			<u>27,252,852</u>		<u>13,556,303</u>
Capital and Reserves					
Called up Share Capital	11		46,756,309		46,756,309
Profit and Loss Account	12		<u>(19,503,457)</u>		<u>(33,200,006)</u>
Equity Shareholder's funds	12		<u>27,252,852</u>		<u>13,556,303</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 27 October 2006 and were signed on its behalf by



G R Cooper
Director

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006**

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 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.

(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

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. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

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 2006

3 Operating profit	2006	2005
	£	£
Operating profit is stated after charging		
Auditors' remuneration – non audit services	6,200	5,500
Foreign exchange differences	38,408	29,483

The remuneration of the Company's auditors for the provision of audit services was £16,800 (2005 £15,000) This remuneration is being settled by a Group parent company

4. Other operating income	2006	2005
	£	£
Gain on sale of investments		22,274
Other income		(2,500)
		19,774

The gain on sale of investments relates to the gain on the liquidation of a subsidiary company, Stewart Ivory Unit Trust Managers Limited

5. Directors' emoluments

No Director receives any remuneration directly from the Company Full details of Directors' remuneration are given in the financial statements of First State Investments (UK Holdings) Limited

6. Tax on profit on ordinary activities	2006	2005
	£	£
Current year corporation tax	(94,070)	
Group relief over/(under) provided in prior year	(41,458)	(292,152)
Deferred taxation	324,302	1,225,486
	188,774	933,334

Factors affecting tax charge for the period

The corporation tax charge on the profit on ordinary activities for the period differs from that calculated at the standard rate of corporation tax in the UK of 30% (2005 30%) as shown in the reconciliation on the following page

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006

6. Tax on profit on ordinary activities continued	2006	2005
	£	£
Profit on ordinary activities before tax	13,507,775	4,293,924
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	4,052,332	1,288,177
Effect of		
Capital allowances	(4,041)	(5,388)
Prior year management charge not included in original provision		(150,000)
Brought forward losses utilised	(3,954,221)	(1,132,789)
Current group relief for the period	94,070	

The Company has tax losses arising from prior years in the UK which amount to £5,125,550 (2005 £18,306,288) that are available indefinitely for offset against future taxable profits. A deferred tax asset of £1,537,665 (2005 £1,225,486) has been recognised in respect of the losses which are deemed to be prudently available against future short term profits. A further £12,123 (2005 £nil) of a deferred tax asset has been recognised in respect of accelerated capital allowances.

7. Investments

The Company holds the undernoted investments

	2006	2005
	£	£
Group undertakings subsidiary	2,750,100	2,250,100
Other investments		13,500
	2,750,100	2,263,600

Details of the Company's Investments are shown below

(a) Group undertakings

Name of Company	Description of shares held	% held	Investment at cost	
			2006	2005
			£	£
First State Investments International Limited	Ordinary £1	100	2,750,100	2,250,100

The above company is engaged in investment management

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006

7 Investments continued

(a) Group undertakings continued

Consolidated accounts have not been prepared in respect of the Company and its subsidiary 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 subsidiary is not less than the aggregate of the amount at which the investment is stated in the Balance Sheet

(b) Other investments	2006	2005
	£	£
Investment in joint arrangement		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 30th June 2006 Cunningham Stewart Ivory Limited was in the process of being wound up

Investment in First State Investments AIM VCT plc		12,500
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500,000 Redeemable Preference Shares of 10p per share were purchased on 24th January 2005 at a partly paid price of 2 5p per share. The shares were subsequently sold on 20th October 2005

8. Debtors	2006	2005
	£	£
Trade debtors	97,338	130,786
Amounts owed by subsidiary undertaking	3,393,376	3,155,591
Prepayments and accrued income	2,431,242	2,096,109
Other debtors		1,200
Group relief		301,663
	<u>5,921,956</u>	<u>5,685,349</u>

9. Deferred taxation	2006	2005
	£	£
Provision at start of the period	1,225,486	
Utilised during year	324,302	1,225,486
Provision at end of period	<u>1,549,788</u>	<u>1,225,486</u>

Deferred tax is provided at 30% (2005 30%) as follows

Tax losses carried forward	1,537,665	1,225,486
Accelerated capital allowances	12,123	
	<u>1,549,788</u>	<u>1,225,486</u>

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006

10 Creditors: amounts falling due within one year	2006	2005
	£	£
Amounts owed to group undertaking	88	88
Other taxation & social security	293,696	140,228
Accruals and deferred income	2,277,387	294,288
Subordinated loans from First State Investments (UK Holdings) Limited (see below)	7,100,000	7,100,000
	<u>9,671,171</u>	<u>7,534,604</u>

Two loans were made on 1st April 2004 to the Company from First State Investments (UK Holdings) 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 payable on each loan on 31st March each year at a rate of 1.5% above LIBOR. The loan for £3.6m was repaid on 30th September 2006.

11. Share capital	2006	2005
	£	£
Authorised		
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	<u>77,126,984</u>	<u>77,126,984</u>
	<u>77,225,000</u>	<u>77,225,000</u>
Issued & fully paid		
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	<u>46,658,293</u>	<u>46,658,293</u>
	<u>46,756,309</u>	<u>46,756,309</u>

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.

12 Reconciliation of shareholder's funds and movement on reserves

	Share Capital	Profit & Loss Account	Total
	£	£	£
At 30th June 2004	46,756,309	(38,427,264)	8,329,045
Profit for the year		<u>5,227,258</u>	<u>5,227,258</u>
At 30th June 2005	46,756,309	(33,200,006)	13,556,303
Profit for the year		<u>13,696,549</u>	<u>13,696,549</u>
At 30th June 2006	<u>46,756,309</u>	<u>(19,503,457)</u>	<u>27,252,852</u>

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006**

13. Related party disclosures

Under Financial Reporting Standard 8 Related Party Disclosures, the company is exempt from the requirement to disclose transactions with any other company in the Commonwealth Bank of Australia group

14 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 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